



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0408

Title: Generally revise mental health laws

Primary Sponsor: Kerns, Scot

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 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$15,600
Revenue:				
General Fund	\$0	\$0	\$0	Unknown
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>Unknown</u>

Description of fiscal impact: HB 408 creates an income tax credit that is available to a mental health professional who practices in a mental health field in a designated psychiatric opportunity zone. The psychiatric opportunity zones would be recommended by DPHHS based on the criteria in the bill to the Children, Families, Health, and Human Services interim committee. The interim committee would submit legislation setting the level of credits and designate psychiatric opportunity zone biennially. As credit amounts and zones are not set specifically in the bill, it is not possible to determine the revenue impact of the proposed credit (see Technical Notes #1 through #3).

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. HB 408 mandates the Department of Health and Human Services recommend communities and counties for designation as psychiatric opportunity zones to the Children, Families, Health, and Human Services interim committee. The interim committee could designate psychiatric opportunity zones.
2. An income tax credit would be available to practicing mental health professionals who provided mental health services in these designated psychiatric opportunity zones. The level of available credits for each zone would be set by the interim committee in legislation for consideration by the Legislature.

3. The credit would be first available in TY 2024 after the Legislative Session in 2023. The credit would be limited to taxpayers who are licensed as a physician, professional counselor, psychologist, social worker, advanced practice registered nurse, or a physician assistant.
4. HB 408 the credit may not exceed to 50% of the mental health professional’s income tax liability and is non-refundable.
5. As HB 408 does not designate how the credit level would be determined, the number of credits, nor the number of psychiatric opportunity zones, it is not possible to determine the impact the proposed credit would have on income tax collections. However, there is likely to be some impact if any credits are claimed in TY2024 and subsequent years.

DOR Costs

6. The department’s tax system would require 240 additional hours of work in FY 2025 implement the credit in HB 408. The cost of the software development would be \$15,600.

Department of Public Health and Human Services (DPHHS)

7. HB 408 would require the department to provide the children, families, health, and human services interim committee with a list of recommended communities or counties that would be designated as psychiatric opportunity zones.
8. The DPHHS assumes that the Addictive and Mental Disorders Division (AMDD) would be responsible for recommending psychiatric opportunity zones to the interim committee.
9. The AMDD estimates it would require 40 hours of staff time to evaluate the criteria outlined in Section 1 of HB 408 and designate communities and counties meeting the criteria. This can be absorbed within current resources.

<u>Fiscal Impact:</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>	<u>FY 2025</u>
Department of Revenue	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$15,600
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,600</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$15,600
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$15,600</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	Unknown
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	Unknown

Technical Notes:

Department of Revenue

1. HB 408 does not provide information on how the level of the credit available to eligible taxpayers would be set. The bill does limit the credit to 50% of the taxpayer’s tax liability, however, this is a limit and not a set credit level.
2. There are other factors that are unclear. As written, it is unknown if tax liability would be limited to income earned from working in the mental health field, or the taxpayer’s income from all sources.
3. It is also unclear how the credit limit would apply to a qualified taxpayer who files a joint income tax return. Would the 50% limit apply the tax liability of both filers, or only to the mental health professional’s income? If the limit applies only the mental health professional’s income, it is unclear on how income from other sources should be divided between the joint filers.

Department of Public Health and Human Services

4. The indications of unmet need described in Section 1, subsection (3)(c) include both measures that are currently collected by the DPHHS, and one that would be difficult to collect for all counties. The number of individuals detained in a city or county jail because community mental health treatment was unavailable is a challenging number to obtain in the current system. Montana does not have a centralized jail system, so each jail has its own unique policies and practices, collects varying data elements, and reports data on its own system. For the communities who are recipients of County Tribal Matching Grants (County Matching and Crisis Diversion Grants), DPHHS could collect the number of individuals booked into jail due to a behavioral health crisis as we could define exactly how these data would be collected and pay jails to collect the data to exact specifications. Because not all counties have this funding under current conditions it would be an incomplete dataset.

NOT SIGNED BY SPONSOR

Sponsor’s Initials

2/22/21

Date

KA

Budget Director’s Initials

2/22/21

Date