



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0522

Title: Create the Montana military strategic and economic task force

Primary Sponsor: Buttrely, Edward

Status: As Amended in House Committee

- 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	\$150,000	\$150,000	\$152,250	\$154,434
State Special Revenue	\$62,500	\$62,500	\$62,500	\$62,500
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$62,500	\$62,500	\$62,500	\$62,500
Net Impact-General Fund Balance:	<u>(\$150,000)</u>	<u>(\$150,000)</u>	<u>(\$152,250)</u>	<u>(\$154,434)</u>

Description of fiscal impact: HB 522 establishes a Military Strategic and Economic Impact Task Force concerning retention and development of military installations and force structures to provide economic development opportunities in Montana and allocates the task force to the Department of Commerce for administrative purposes.

FISCAL ANALYSIS

Assumptions:

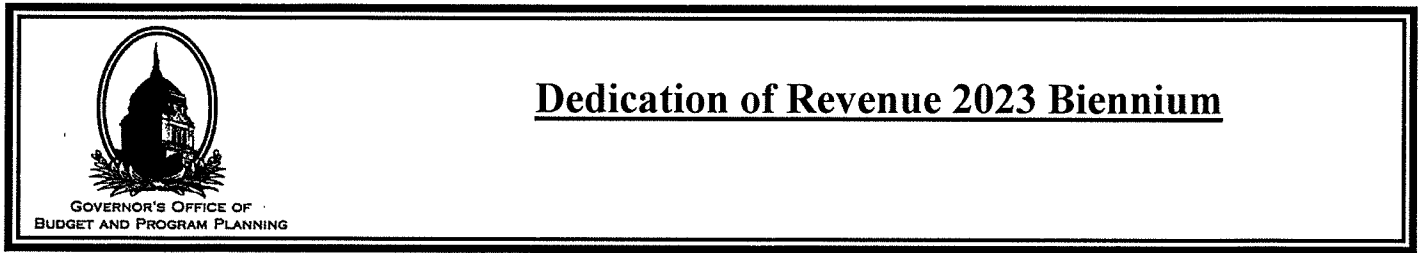
- Section 1 of the bill creates the Montana Military Strategic and Economic Impact Task Force and administratively attaches it to the Department of Commerce.
- The task force will be comprised of seven members and all will be entitled to reimbursement for expenses as provided in 2-18-501 through 2-18-503, MCA.
- The effective date of the bill is July 1, 2021. The bill terminates on June 30, 2025.

4. Section 1(4) calls for the task force to examine potential base realignment and closure actions, study the economic and strategic impact of those proposed actions and develop a strategic plan to position the state, as well as the preparation of various reports and presentations and lobbying members of congress.
5. Section 1(6) requires the task force to formulate a budget and submit a copy of that budget to the State Administration and Veterans' Affairs interim committee by December 31, 2021. It is assumed that the task force will require extensive support from department staff, or a consultant, to assist in the completion of these tasks.
6. As the bill was amended in the House Appropriations Committee, Section 2 of the bill establishes a state special revenue account to the credit of the department. Revenue in the account will be derived from grants, gifts, and donations from public and private sources. Funds in the account are to be used for the purpose outlined in section 1.
7. The study in section 1(4)(b) is dependent upon the level of funding in the state special revenue account established in Section 2.
8. The department has no way to accurately estimate the grants, gifts, and donations that may be received. However, for the purposes of this fiscal note, the department assumes \$250,000 in revenue will be received over the four year period of this bill (\$62,500 per year). The department will conduct the study commensurate in scope with the revenue received. The bill does not contain an appropriation for the state special revenue.
9. In addition, the bill provides a general fund appropriation of \$150,000 each year of the 2023 biennium. Additional general fund appropriation would be required for the 2025 biennium.
10. The bill does not state the frequency of task force meetings. However, for the purposes of this fiscal note, it is assumed that the task force will meet once a month beginning in July of 2021.
11. In order to provide administrative support to the task force for the items outlined above, 1.00 FTE will be hired at an annual salary and benefits amount of \$77,393 in FY 2022 and \$78,016 in FY 2023. A 1.5% annual inflation rate is applied to this cost for the 2025 biennium.
12. Operating expenses include travel costs for the task force, contracted services, and supplies and materials

	<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	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$77,393	\$78,016	\$79,186	\$80,374
Operating Expenses	\$135,107	\$134,484	\$135,564	\$136,600
TOTAL Expenditures	\$212,500	\$212,500	\$214,750	\$216,974
<u>Funding of Expenditures:</u>				
General Fund (01)	\$150,000	\$150,000	\$152,250	\$154,534
State Special Revenue (02)	\$62,500	\$62,500	\$62,500	\$62,500
TOTAL Funding of Exp.	\$212,500	\$212,500	\$214,750	\$217,034
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$62,500	\$62,500	\$62,500	\$62,500
TOTAL Revenues	\$62,500	\$62,500	\$62,500	\$62,500
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$150,000)	(\$150,000)	(\$152,250)	(\$154,534)
State Special Revenue (02)	\$0	\$0	\$0	\$0

NOT SIGNED BY SPONSOR

	4/5/21	KA	4-1-21
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>



- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay?** Yes. Revenue is expected to be generated by public and private sector donations, grants, and gifts. The revenue will be used by the proposed task force to study the economic impact that the active and reserve component military missions and force structures in the state have on the state's economy and the strategic impact for the nation of those programs and assets.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?** The intent of the fund is to hold private revenues derived from donations, grants, and gifts from the public and private sources.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended?** Yes / No Yes. The bill stipulates that the activity is contingent upon adequate revenue.

- d) **Does the need for this state special revenue provision still exist?** Yes No

A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to activities defined in the bill would be accounted for in a dedicated fund.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No. The fund in question is audited by the Office of the Legislative Auditor with any findings being presented to the Legislative Audit Committee. The fund is also subject to legislative review and appropriation.

- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need?** Yes. A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to activities defined in the bill would be accounted for in a dedicated fund.

- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)** Yes. A state special revenue account should be established for the program proposed in this bill because expenditures and revenues related to activities defined in the bill would be accounted for in a dedicated fund.