



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

SB0522 - Provide hotels with grants to shelter victims of violence and human trafficking (Zolnikov, Daniel)

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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$73,084	\$30,284	\$30,738	\$31,200
SSR (02) - Commerce	(\$75,505)	(\$81,258)	(\$84,506)	(\$86,922)
SSR (02) - New DPHHS	\$75,505	\$81,258	\$84,506	\$86,922
Revenue:				
General Fund	\$0	\$0	\$0	\$0
SSR (02) - Commerce	(\$75,505)	(\$81,258)	(\$84,506)	(\$86,922)
SSR (02) - New DPHHS	\$75,505	\$81,258	\$84,506	\$86,922
Net Impact-General Fund Balance:	<u>(\$73,084)</u>	<u>(\$30,284)</u>	<u>(\$30,738)</u>	<u>(\$31,200)</u>

Description of fiscal impact: SB 522 would reduce the allocation of the lodging facilities use tax to the Department of Commerce for promotion of tourism and film by 0.1%, and redirect the funding to the Department of Health and Human Services to establish a grant program to provide lodging for victims of domestic violence or human trafficking. It is estimated this would be \$75,505 in FY 2024 and \$81,258 in FY 2025. The Department of Health and Human Services would have additional general fund costs of \$103,368.

FISCAL ANALYSIS

Assumptions:**Department of Revenue**

- SB 522 modifies the distribution of lodging facility use tax by reducing the amount distributed to the Department of Commerce from 60.3% to 60.2% and also distributes 0.1% to a newly established emergency lodging for victims of domestic violence or human trafficking state special revenue account.

2. HJ 2 forecasts for the lodging facility use tax for FY 2024 through FY 2025 are presented in the following table. The decrease in revenue to Department of Commerce as well as the amount of revenue distributed to the new state special revenue account are also shown.

Fiscal Year	Total Revenue*	New State Special	Department of Commerce
FY 2024	\$75,504,503	\$75,505	(\$75,505)
FY 2025	\$81,257,936	\$81,258	(\$81,258)
FY 2026	\$84,506,308	\$84,506	(\$84,506)
FY 2027	\$86,922,080	\$86,922	(\$86,922)
*Total to be distributed per 15-65-121 (2), MCA			

3. It is not anticipated that SB 522 will have any substantial costs to the Department of Revenue.

Department of Commerce (Commerce)

4. Per 15-65-121, MCA, the lodging facility use tax funds allocated to the Commerce are statutory appropriated. For the purposes of this fiscal note, it is assumed that all revenue allocated will be expended.
5. Under current law the Commerce receives 60.3% of the 4% lodging facilities use tax for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials. Beginning July 1, 2027, Commerce will receive 63% of the tax.
6. Under the proposed legislation the department would receive 60.2% of the lodging facilities use tax for tourism promotion and promotion of the state as a location for the production of motion pictures and television commercials. Beginning July 1, 2027, Commerce would receive 62.9% of the tax.
7. Based on HJ 2 revenue estimates, the reduction in allocation would result in Commerce reducing the Tourism Grants program by an estimated \$75,505 in FY 2024, \$81,258 in FY 2025, \$84,506 in FY 2026, and \$86,922 in FY 2027.

Department of Health & Human Services (DPHHS)

8. The DPHHS estimates that a 0.50 FTE program officer will be needed to carry out the program. The program officer will be responsible for initial and ongoing administrative rule making, the creation and review of the grant application processes, awarding grants, maintaining a list of designated charitable organizations, and creating reporting requirements to monitor compliance with state criteria.
9. Salary and benefits of the 0.5 FTE are estimated to be \$29,402 in FY 2024 and \$29,402 in FY 2025. One-time office set up costs in FY2024 estimated at \$2,800, and ongoing operating costs associated with the FTE are estimated at 3% of personal services costs.
10. Funding for this position is 100% general fund and DPHHS assumes a 1.5% inflation factor in FY 2026 and FY 2027.
11. Section 1(3)(b) limits the maximum nights for a client or family to five per calendar year. This will require a system to track referrals across designated charitable organizations. DPHHS assumes this tracking can be completed through the Homeless Management Information System (HMIS) or comparable system. The cost for a new program and license for HMIS is estimated to be \$40,000 in FY 2024 for startup.
12. The DPHHS assumes tracking client level information for victims of domestic violence and/or human trafficking will not violate any victim service confidentiality/protection requirements.
13. No compensation or reimbursement will be available to designated charitable organizations for costs associated with HMIS or referrals.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.50	0.50	0.50	0.50
<u>Expenditures:</u>				
Personal Services (DPHHS)	\$29,402	\$29,402	\$29,843	\$30,291
Operating Expenses (DPHHS)	\$43,682	\$882	\$895	\$909
Grants (DPHHS)	\$75,505	\$81,258	\$84,506	\$86,922
Grants (Commerce)	(\$75,505)	(\$81,258)	(\$84,506)	(\$86,922)
Transfers	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$73,084	\$30,284	\$30,738	\$31,200
<u>Funding of Expenditures:</u>				
General Fund (01)	\$73,084	\$30,284	\$30,738	\$31,200
SSR (02) - Commerce	(\$75,505)	(\$81,258)	(\$84,506)	(\$86,922)
SSR (02) - New DPHHS	\$75,505	\$81,258	\$84,506	\$86,922
TOTAL Funding of Exp.	\$73,084	\$30,284	\$30,738	\$31,200
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
SSR (02) - Commerce	(\$75,505)	(\$81,258)	(\$84,506)	(\$86,922)
SSR (02) - New DPHHS	\$75,505	\$81,258	\$84,506	\$86,922
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$73,084)	(\$30,284)	(\$30,738)	(\$31,200)
SSR (02) - Commerce	\$0	\$0	\$0	\$0
SSR (02) - New DPHHS	(\$0)	\$0	\$0	\$0

NO SPONSOR SIGNATURE

3/27/23
Date


Budget Director's Initials

3-27-23
Date