



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0262 - Revise local government financial reporting and audit requirements (Schillinger, Jerry)

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 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	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: This bill revises Local Government Financial Reporting and Audit requirements. The bill complies with federal requirements for the threshold on revenues and the required audit type. As amended, this bill has no fiscal impact on the state.

FISCAL ANALYSIS

Assumptions:**Department of Administration**

- As amended, there is no fiscal impact to the Department of Administration.

Office of Public Instruction (OPI)

- As amended the bill does not change the Office of Public Instruction's payment of filing fees for the school districts as required by 2-7-514(2), MCA.
- A school district is a local government entity but is described independently in existing statute, and this bill, when the requirements are different than general local government requirements.
- In accordance with 2-7-503(1)(a), MCA, school districts and associated cooperatives will comply with 20-9-213, MCA, and report to the Office of Public Instruction (OPI).
- In accordance with 2-7-503(2) MCA, the office will continue to use and maintain the OPI reporting system, MAEFAIRS, as the primary reporting tool for the school districts.
- The United States Department of Education prescribes the form and timing of audits of school districts and school cooperatives that exceed the threshold established by the director of the office of management and

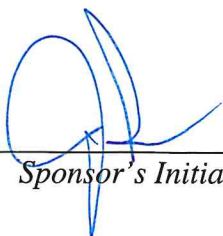
budget pursuant to 31 U.S.C. 7502(a)(3), as well as the responsibility of state education agencies to review and approve actions to remediate audit findings.

7. The bill modifies 2-7-517, MCA, imposing a penalty for local government entities not paying the filing fee. However, the Office of Public Instruction pays the filing fee for the school districts.

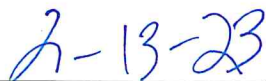
Effect on County or Other Local Revenues or Expenditures:

Montana Association of Counties and Montana League of Cities and Towns

1. As amended, HB 262 will continue to have an unquantifiable positive fiscal impact on municipalities under 10,000 who are eligible for, and take advantage of, the alternative financial report provided in Section 1 of the amended bill.
2. Municipalities may also avoid fines or withholding by taking advantage of the 3-month extension provided for in Section 1 of the bill that would otherwise be incurred if an extension was not available.



Sponsor's Initials



Date



Budget Director's Initials



Date