

**OFFICE OF THE GOVERNOR BUDGET AND
PROGRAM PLANNING STATE OF MONTANA**

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M E M O R A N D U M

TO: Affected State Agencies

FROM: Aimee Franks, Senior Budget Analyst
Governor’s Office of Budget and Program Planning

DATE: August 7, 2024

SUBJECT: HB 146 - Require OBPP to Report Actual Costs to Cost Projected in Fiscal Notes

HB 146, as passed and approved during the 2021 Legislative Session (please read bill if not familiar) requires the Office of Budget and Program Planning (OBPP) to prepare and present an annual report to the Legislative Finance Committee (LFC) on any bill passed with an estimated expenditure amount of over \$1 million from the general fund in any of 1 of the 4 fiscal years identified in the bill’s fiscal note, or as required in the bill.

For the current biennium, OBPP has identified the following bills with an estimated impact amount of \$1 million or more, and the agencies affected.

Fiscal Year 2024		
Agency	HB or SB# - Session	Title of Bill
DOJ	HB174 - 25 Session	Requiring certain costs paid to detention centers to be based on actual costs
DOC	HB174 - 25 Session	Requiring certain costs paid to detention centers to be based on actual costs
OPI	HB15 - 25 Session	Implement K-12 Inflation
OPI	HB171 - 2 Session	Revise education laws related to residential treatment facilities
DOR	HB212 - 25 Session	Increase business equipment tax exemption
OPI	HB257 - 25 Session	Revise education laws related to advanced opportunities program
OPI	HB352 - 25 Session	Provide targeted interventions to support 3rd grade reading proficiency
OPI	HB396 - 25 Session	Require school trustees to admit resident children on a part-time basis
DOA	SB11 - 25 Session	Generally revise criminal justice system laws
DOJ	SB 11 - 25 Session	Generally revise criminal justice system laws
OPI	HB46 - 23 Session	Revise special education funding
OPI	HB143 - 23 Session	Provide incentives for increasing starting teacher pay
OPI	HB303 - 23 Session	Revise business equipment tax laws: Business Investment Grows (BIG) Jobs Act
OCHE	SJ15 - 23 Session	Approve organization of Bitterroot valley community college district
OPI	HB663 - 23 Session	Generally revising school funding to increase GTB and lower property taxes
DOJ	HB701 - 23 Session	Generally revise marijuana laws

I have attached a template to be completed by each division which contains the relevant information needed to create OBPP’s FY 24 annual report which is due October 1, 2024 to the LFC. Each division has its own tab. Please complete all fields and return to me by August 31, 2024.

If you have questions, please contact Aimee Franks, Senior Budget Analyst at (406)444-1207 or aimee.franks@mt.gov. Thank you.

FY24 HB146 (21 Session Bill) - Annual Report

Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference
OPI	HB15 - 25 Session	Implement K-12 Inflation	61000			\$ -
			62000			\$ -
			63000			\$ -
			64000			\$ -
			65000	\$ 15,984,474	\$ 15,984,474	\$ -
			66000			\$ -
			67000			\$ -
			68000			\$ -
			69000			\$ -
			TOTAL			
Description	K-12 inflation adjustment.					
Difference Explanation						
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference
OPI	HB171 - 25 Session	Revise education laws related to residential treatment facilities	61000			\$ -
			62000	\$ 1,926,630	\$ 2,614,525	\$ (687,895)
			63000			\$ -
			64000			\$ -
			65000			\$ -
			66000			\$ -
			67000			\$ -
			68000			\$ -
			69000			\$ -
			TOTAL			
Description	Therapeutic group homes providing educational programs are to be included as qualifying facilities that are eligible to receive state tuition payments. Costs associated with 1 FTE are also included.					
Difference Explanation	In the first year of the program, the costs for FY2024 were underestimated by \$687,895.					
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference
OPI	HB257 - 25 Session	Revise education laws related to advanced opportunities program	61000			\$ -
			62000			\$ -
			63000			\$ -
			64000			\$ -
			65000	\$ 4,000,000	\$ 3,249,321	\$ 750,679
			66000			\$ -
			67000			\$ -
			68000			\$ -
			69000			\$ -
			TOTAL			
Description	Expands personalized learning opportunities in K-12 public schools in association with the Advanced Opportunities Aid Program.					
Difference Explanation	The Legislature appropriated \$4 million in FY24 in support of the Advanced Opportunities program. Districts employed use of the program resulted in the distribution of \$3.3 million.					
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference
OPI	HB396 - 25 Session	Require school trustees to admit resident children on a part-time basis	61000			\$ -
			62000			\$ -
			63000			\$ -
			64000			\$ -
			65000	\$ 1,977,675	\$ 1,977,675	\$ -
			66000			\$ -
			67000			\$ -
			68000			\$ -
			69000			\$ -
			TOTAL			
Description	Requires school district trustees to admit resident school-aged children on a part-time basis at the parent or guardian's request.					
Difference Explanation						
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference
OPI	HB46 - 23 Session	Revise special education funding	61000			\$ -
			62000			\$ -
			63000			\$ -
			64000			\$ -
			65000	\$ 1,336,402	\$ 1,336,402	\$ -
			66000			\$ -
			67000			\$ -
			68000			\$ -
			69000			\$ -
			TOTAL			
Description	Include the special education allowable cost payment in the definition of BASE aid as well as modifies the calculation that determines the amount of special education allowable cost payment for both positive adjustments in ANB and inflation.					
Difference Explanation						

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Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference		
OPI	HB143 - 23 Session	Provide incentives for increasing starting teacher pay	61000			\$ -		
			62000			\$ -		
			63000			\$ -		
			64000			\$ -		
			65000	\$ 2,801,902	\$ 1,778,375	\$ 1,023,527		
			66000			\$ -		
			67000			\$ -		
			68000			\$ -		
			69000			\$ -		
TOTAL				\$ 2,801,902	\$ 1,778,375	\$ 1,023,527		
Description	Increasing the quality educator payment for districts that meet legislative goals for competitive base pay of teachers.							
Difference Explanation	The fiscal note assumed that 750 teachers would qualify for the quality educator payment in FY 24 based on the average number of new licenses issued over a three year period. There were 498.7 teachers who actually applied and qualified for the quality educator payment in FY 24.							
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference		
OCHE	SJ15 - 23 Session	Approve organization of Bitterroot valley community college district	61000	\$ 1,201,476	\$ -	\$ 1,201,476		
			62000			\$ -		
			63000			\$ -		
			64000			\$ -		
			65000			\$ -		
			66000			\$ -		
			67000			\$ -		
			68000			\$ -		
			69000			\$ -		
TOTAL				\$ 1,201,476	\$ -	\$ 1,201,476		
Description	The creation of a new community college would require state funding. Based on the formula in statute this would have been the amount to support the new district.							
Difference Explanation	The Bitterroot Valley Community College district mill levy vote failed so no general funds were appropriated.							
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference		
OPI	HB663 - 23 Session	Generally revising school funding to increase GTB and lower property taxes	61000			\$ -		
			62000			\$ -		
			63000			\$ -		
			64000			\$ -		
			65000	\$ 11,323,031	\$ 11,323,031	\$ -		
			66000			\$ -		
			67000			\$ -		
			68000			\$ -		
			69000			\$ -		
TOTAL				\$ 11,323,031	\$ 11,323,031	\$ -		
Description	Revises school funding laws, increasing the GTB multiplier and linking additional increase to revenue generated by marijuana taxes.							
Difference Explanation								
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference		
DOJ	HB174 - 25 Session	Requiring certain costs paid to detention centers to be based on actual costs	61000			\$ -		
			62000	\$ 7,943,645	\$ 10,095,481	\$ (2,151,836)		
			63000			\$ -		
			64000			\$ -		
			DOC	Fiscal Note Amount = \$7,717,490	65000			\$ -
					66000			\$ -
					67000			\$ -
					68000			\$ -
					69000			\$ -
TOTAL				\$ 7,943,645	\$ 10,095,481	\$ (2,151,836)		
Description	DOJ-MHP averaged 1378 inmate days per month in FY24; (1378 inmate days * new rate 82.80) = \$114,098.40 per month; prior to HB 174 the cost would have been (1378 * \$69.63) = \$95,950.14 per month. (\$114,098.40-95950.14)*12 = \$217,779 - DOC Utilization of jail hold beds was higher than projected in the fiscal note.							
Difference Explanation	DOJ-The fiscal note assumed 1,431 inmate days per month, actual inmate days per month was less than projected (1378). DOC - These are funds that we utilize to pay county detention centers for holding offenders who were sentenced in county court to the Department of Corrections. Those offenders will sit in a county detention center until they can be moved to prison or another appropriate placement. For fiscal note purposes, we estimated the number of jail holds based on the average number of inmates per month from July 2022 to November 2022. The number of actual jail holds has increased significantly since then.							
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference		
DOJ	SB 11 - 25 Session	Generally revise criminal justice system laws	61000	\$ 43,846	\$ 9,093	\$ 34,753		
			62000	\$ 1,227,600	\$ 865,379	\$ 362,221		
			63000			\$ -		
			64000			\$ -		
			DOA	Fiscal Note Amount = \$1,207,600	65000			\$ -
					66000			\$ -
					67000			\$ -
					68000			\$ -
					69000			\$ -
TOTAL				\$ 1,271,446	\$ 874,472	\$ 396,974		

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Description	Required the development of a criminal justice data warehouse to receive, store, secure, and maintain data from contributing entities. The DOJ position works on the implementation of SB 11, Data Warehouse.					
Difference Explanation	DOA's fiscal note included \$1,207,600 in operating expense for FY2024, however, the budget included in HB002 was \$907,600 for FY2024. A software/services contract for \$816,457.67 was signed on 06/27/2024 and the budget was encumbered with an a-accrual for that amount in FY2024, which is reflected in the operating expenditures. DOJ's position was hired late in the fiscal year and only paid for salaries.					
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference
DOJ	HB701 - 23 Session	Generally revise marijuana laws	61000	\$ 725,776	\$ 789,583	\$ (63,807)
			62000	\$ 390,185	\$ 108,276	\$ 281,909
			63000			\$ -
			64000			\$ -
			65000			\$ -
			66000	\$ -	\$ 135,000	\$ (135,000)
			67000			\$ -
			68000	\$ -	\$ 2,500	\$ (2,500)
			69000	\$ -	\$ 13,189	\$ (13,189)
TOTAL				\$ 1,115,961	\$ 1,048,549	\$ 67,412
Description	Funding was used to support FTE within the Forensic Science Division, Division of Criminal Investigation and Board of Crime Control, associated FTE operating expense plus additional testing costs (drug standards, consumables) for increased casework and THC specific testing.					
Difference Explanation	The variation from estimate can be attributed to FTE vacancy savings. Although the overall number of DUI cases have increased, the increase has been modest and much less than anticipated based on the forecasted Washington State experience. THC positive DUI cases are significantly higher, averaging 75% volume increase of positive DUI THC cases compared to before legislation. Lower volume than planned net of increase in THC tests (249 ave THC case increase x \$46.77 original tox testing cost).					
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference
DOR	HB212 - 25 Session	Increase business equipment tax exemption	61000			\$ -
			62000			\$ -
			63000			\$ -
			64000			\$ -
			65000	\$ 3,682,000	\$ 3,906,069	\$ (224,069)
			66000			\$ -
			67000			\$ -
			68000	\$ 63,000		\$ 63,000
			69000			\$ -
TOTAL				\$ 3,745,000	\$ 3,906,069	\$ (161,069)
Description						
Difference Explanation	DOR portion-larger than expected class 8 growth.					
Agency	HB or SB# - Session	Title of Bill	Account	Fiscal Note Estimate	Actual Exp FYE24	Difference
DOR	HB303 - 23 Session	Revise business equipment tax laws:	61000			\$ -
	Fiscal Note Amount =	Business Investment Grows (BIG) Jobs Act	62000			\$ -
	\$3,147,000		63000			\$ -
			64000			\$ -
OPI	Fiscal Note Amount =		65000	\$ 5,650,682	\$ 5,790,446	\$ (139,764)
	\$2,503,682		66000			\$ -
			67000			\$ -
			68000			\$ -
			69000			\$ -
TOTAL				\$ 5,650,682	\$ 5,790,446	\$ (139,764)
Description	Increases the current exemption for Class 8 business equipment from \$100,000 to \$300,000 and reimburses Tax Increment Finance (TIF) districts, county governments, city governments, and the Montana University System (MUS) through the entitlement share payments from the state general fund for lost property tax revenue to prevent the tax burden from shifting to other property taxpayers in those jurisdictions. Also adjusts the school funding formula to compensate local school districts for lost property tax revenue.					
Difference Explanation	DOR portion-larger than expected .					