



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0860.03 (002): Provide for veterinary training loan program

Primary Sponsor: Randyn Gregg Status: As Amended in House Committee

☐ Included in the Executive Budget ☐ Needs to be included in HB 2 ☐ Significant Local Gov Impact

☒ Significant Long-Term Impacts ☒ Technical Concerns ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

| | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$141,286 | \$233,237 | \$341,817 | \$433,738 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| Net Impact | <u>(\$141,286)</u> | <u>(\$233,237)</u> | <u>(\$341,817)</u> | <u>(\$433,738)</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 860 requires that the veterinary training program within the Office of the Commissioner of Higher Education (OCHE) provide loans to eligible participants and establishes an advisory committee.

FISCAL ANALYSIS

Assumptions

Commissioner of Higher Education

- The proposed legislation will have a fiscal impact on OCHE based on the following assumptions:
 - OCHE uses a software portal to manage applications, awards, distributions, monitoring, and loan repayment. The cost to develop a module for the veterinary training loan program would require approximately 134.5 hours at a rate of \$245 per hour. There would be ongoing annual maintenance costs associated with this software module.
 - The bill allows for travel reimbursement for the advisory committee, this amount would be minimal and difficult to calculate without knowing the committee appointees.
 - The bill provides for 4 eligible resident students attending an accredited college of veterinary medicine annually to be awarded up to \$25,000 or \$33,333 depending upon program of attendance.
 - The 2027 Biennial cost of the program with 3 students attending a 4-year program and 1 student attending a 3-year program would be \$332,332.

| INPUTS | | |
|------------|----------------|----------------|
| | 4YR PROGRAM | 3YR PROGRAM |
| 1st year | 25,000 | 33,333 |
| 2nd year | 25,000 | 33,333 |
| 3rd year | 25,000 | 33,333 |
| 4th year | 25,000 | - |
| Cohort 1 | | |
| Term 26-27 | 3 | 1 |
| Term 27-28 | 3 | 1 |
| Term 28-29 | 3 | 1 |
| Term 29-30 | 3 | 0 |
| Cohort 2 | | |
| Term 27-28 | 2 | 2 |
| Term 28-29 | 2 | 2 |
| Term 29-30 | 2 | 2 |
| Term 30-31 | 2 | 0 |
| Cohort 3 | | |
| Term 28-29 | 1 | 3 |
| Term 29-30 | 1 | 3 |
| Term 30-31 | 1 | 3 |
| Term 31-32 | 1 | 0 |
| Cohort 4 | | |
| Term 29-30 | 3 | 1 |
| Term 30-31 | 3 | 1 |
| Term 31-32 | 3 | 1 |
| Term 32-33 | 3 | 0 |
| Cohort 5 | | |
| Term 30-31 | 2 | 2 |
| Term 31-32 | 2 | 2 |
| Term 32-33 | 2 | 2 |
| Term 33-34 | 2 | 0 |
| Cohort 6 | | |
| Term 31-32 | 1 | 3 |
| Term 32-33 | 1 | 3 |
| Term 33-34 | 1 | 3 |
| Term 34-35 | 1 | 0 |

| Vet Loan Estimates | | | | | |
|--------------------|------------|------------|-----------------|------------|-----------------|
| | 27B | | 29B | | 31B |
| | Term 26-27 | Term 27-28 | Term 28-29 | Term 29-30 | Term 30-31 |
| Cohort 1 | 108,333 | 108,333 | 108,333 | 75,000 | |
| Cohort 2 | | 116,666 | 116,666 | 116,666 | 50,000 |
| Cohort 3 | | | 108,333 | 124,999 | 124,999 |
| Cohort 4 | | | | 108,333 | 108,333 |
| Cohort 5 | | | | | 116,666 |
| Cohort 6 | | | | | 124,999 |
| Annual Total | 108,333 | 224,999 | 333,332 | 424,998 | 399,998 |
| | | | | | |
| 27B Loan Awards | | 333,332 | 29B Loan Awards | 758,330 | 31B Loan Awards |
| 27B Approp | | 425,000 | 29B Approp | 425,000 | 31B Approp |
| | | 91,668 | | (333,330) | (349,996) |

Department of Labor and Industry

- The public members of the committee shall serve without compensation but will be reimbursed for mileage and per diem. DLI assumes minimal travel will be required for committee meetings and the cost of this bill can be covered by current resources within DLI.

Department of Revenue

- HB 860 exempts any loan amounts forgiven through this program from Montana's personal income tax.
- To qualify for any income exemption under the program created by this bill, a taxpayer would be required to graduate from a qualified program, find employment as a veterinary in an underserved area, and work for 12 consecutive months.
- It is unlikely that a student receiving any loan through the program created by HB 860 would also qualify for an income exemption within the timeframe of this fiscal note.
- The changes made by the proposed bill can be made as part of the department's annual change process. The department does not expect to incur any significant costs because of this bill.

Fiscal Analysis Table

Commissioner of Higher Education

| | FY 2026 Difference | FY 2027 Difference | FY 2028 Difference | FY 2029 Difference |
|----------------------------------------------------------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Operating Expenses | \$32,953 | \$8,238 | \$8,485 | \$8,740 |
| Grants | \$108,333 | \$224,999 | \$333,332 | \$424,998 |
| TOTAL Expenditures | \$141,286 | \$233,237 | \$341,817 | \$433,738 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$141,286 | \$233,237 | \$341,817 | \$433,738 |
| TOTAL Funding of Expenditures | \$141,286 | \$233,237 | \$341,817 | \$433,738 |
| <u>Revenues</u> | | | | |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$141,286) | (\$233,237) | (\$341,817) | (\$433,738) |

Significant Long-Term Impacts**Commissioner of Higher Education**

- Beginning in the 2029 biennium and beyond, the current appropriation level is not sufficient to fund the existing awardees and additional cohorts.
- Awardees who fail to meet the contractual obligations and return to Montana for practice in a designated area in a full-time capacity will have the amount of their award converted to a loan. The loan must be repaid in full within 10 years of date of entering into the program agreement.

Technical Concerns**Department of Labor and Industry**

- Section 9(2)(e) refers to the "director" of the Montana Department of Labor and Industry. Montana Constitution Article XII, Section 2, identifies the head of the Department of Labor and Industry as a "Commissioner."

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date



Budget Director's Initials

4/9/2025

Date