



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0227: Establish a contingent litigation fund for occupational licensing boards and programs**

Primary Sponsor: Jodee Etchart Status: As Introduced

☐ 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</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<b>Expenditures</b>				
State Special Revenue (02)	\$75,000	\$75,000	\$75,000	\$75,000
<b>Revenues</b>				
State Special Revenue (02)	\$150,000	\$150,000	\$150,000	\$150,000
<b>Net Impact</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 227 establishes a contingent litigation fund for occupational licensing boards and programs. The bill provides for contribution requirements and a statutory appropriation. The fiscal impact to the Department of Labor and Industry (DLI) results from the legal costs associated with the discipline of a license issued by the board or department.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Labor and Industry (DLI)

1. DLI assumes it will request appropriation to utilize the contingent litigation fund to provide for legal costs exceeding \$15,000 for a board or program with revenue of \$200,000 or less on a preceding fiscal 3-year rolling average. \$75,000 in appropriation is requested for FY 2026, FY 2027, FY 2028, and FY 2029.
2. HB 227 establishes a maximum fee of \$25 a year for each licensee subject to HB 227. DLI intends to set a fee that will be commensurate with anticipated expenses. A fee amount has not been determined at this time.
3. DLI assumes a fee that would collect \$150,000 per year to allow for contingency funding to build up over time. Per the bill language fees "May not be collected in any fiscal year in which the total fund balance on March 31 exceeds \$300,000."
4. After the first two years, fees would not be imposed if the cash balance remains at \$300,000. DLI is unable to determine the volume of legal costs each year and if \$75,000 would be sufficient or if additional expenditures would be incurred.
5. The legislation terminates on June 30, 2031 with any money remaining in the fund to be disbursed on a pro rata basis back to the boards or programs covered.

#### Statutory Appropriation

**Fiscal Note Request - As Introduced**

(continued)

17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	Yes	No
a. The money is from a continuing, reliable, and estimable source.		X
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.		X
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or effective.		X
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.		X
h. An expenditure cap and sunset date are excluded.		X

**Fiscal Analysis Table**

	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Operating Expenses	\$75,000	\$75,000	\$75,000	\$75,000
<b>TOTAL Expenditures</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>
<b><u>Funding of Expenditures</u></b>				
State Special Revenue (02)	\$75,000	\$75,000	\$75,000	\$75,000
<b>TOTAL Funding of Expenditures</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>	<b>\$75,000</b>
<b><u>Revenues</u></b>				
State Special Revenue (02)	\$150,000	\$150,000	\$150,000	\$150,000
<b>TOTAL Revenues</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$150,000</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
State Special Revenue (02)	\$75,000	\$75,000	\$75,000	\$75,000

  
 Sponsor's Initials

 1-27-25  
 Date

  
 Budget Director's Initials

 1/27/2025  
 Date