



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0052 R: Create Montana Court of Chancery

Primary Sponsor: Tom McGillvray Status: As Introduced - Revised

☐ 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)	\$1,565,760	\$4,006,472	\$2,400,462	\$2,457,060
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$1,565,760)</u>	<u>(\$4,006,472)</u>	<u>(\$2,400,462)</u>	<u>(\$2,457,060)</u>
General Fund Balance				

Description of fiscal impact

SB 52 establishes a Montana Court of Chancery made up of three judges with staggered terms appointed by the Governor and associated staff appointed. The court will be supervised by the Supreme Court and the bill directs the court to be paid for by the Governor's Office.

FISCAL ANALYSIS

Assumptions

Governor's Office

1. The Governor's Office of Budget and Program Planning will transfer appropriated funds to the Judicial Branch to allow personal services and other expenditures to process properly.

Judicial Branch

2. The effective date of the bill is July 1, 2025. Section 7 requires the initial three judges to be selected within 90 days of the effective date. As such the Judicial Branch assumes there will be nine months of expenditures incurred in FY 2026.
3. There will be three chancery court judges that will be paid 20% higher than the cost of a Montana Supreme Court associate justice. The estimated cost per judge is \$240,116 for a cost of \$540,261 in FY 2026 and \$720,348 in FY 2027 (including salary and benefits). A 1.5% inflation factor is added for FY 2028 and FY 2029.
4. Chancery Judges will be located in three Montana cities (Billings, Missoula, and Great Falls), therefore each judge will require a judicial assistant, court reporter, and law clerk (all full time FTE) for a total of 9.00 FTE and a cost of \$523,748 in FY 2026 and \$698,331 in FY 2027. A 1.5% inflation factor is added for FY 2028 and FY 2029.
5. The court will need a clerk of court to manage case filings. Using the pay rate for the deputy clerk of supreme court, the estimated cost in FY 2026 is \$91,271 and \$121,694 in FY 2027. A 1.5% inflation factor is added for FY 2028 and FY 2029.

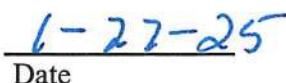
6. Total personal services are estimated at \$1,155,280 in FY 2026, \$1,540,373 in FY 2027, \$1,563,479 in FY 2028, and \$1,586,931 in FY 2029 with a total 13.00 FTE.
7. One-time startup costs, including office desk, chair, bookshelves, file cabinets, laptops, printers, judge robes, and court reporter equipment are estimated at \$60,719 for judges and staff.
8. One time startup costs of \$55,339 for courtroom audio visual, connectivity, and courtroom furniture (such as counsel tables and chairs, witness chairs, court reporter station and bench) for each chancery court location for a total of \$166,017.
9. Ongoing operating costs, including data network charges, communications (phone and long distance), office supplies, books and reference materials, and annual maintenance for court reporting equipment are estimated at \$23,972 in FY 2026 and \$31,962 in FY 2027. A 1.5% inflation factor is added for FY 2028 and FY 2029.
10. Current statute in 3-5-901, MCA, requires counties to provide space for district courts. However, as the chancery court is not a district court, the counties will not be obligated to provide space. It is estimated that each court location will require 2,630 square feet of space for judge chambers, staff offices, courtroom, and waiting room. Current lease rates per square foot for Billings, Missoula, and Great Falls are \$28, \$33, and \$20, respectively. Lease rates are based on full-service leases which include janitorial but not tenant improvements. Significant changes to space may require additional funding. Rent costs are estimated at \$159,773 for nine months in FY 2026 and \$213,031 for 12 months in FY 2027. A 1.5% inflation factor is added for FY 2028 and FY 2029.
11. Section 5 requires the chancery court to utilize electronic filing, which will also require a case management system. The chancery court will require a custom case management system that will integrate with the current Montana E-Filing system. Based on estimates provided by the current case management vendor, there will be a one-time implementation cost of \$1,976,465 with a maintenance cost of \$244,641 in the first year. Annual maintenance each year thereafter will be \$588,316 with a 5% annual increase. The Judicial Branch assumes that implementation will take approximately 14 months with initial expenditures in FY 2027 of \$2,221,106 (\$1,976,465 implementation + \$244,641 first year of maintenance). Maintenance in FY 2028 is \$588,316 and \$617,731 in FY 2029.
12. Total costs are estimated at \$1,565,760 in FY 2026, \$4,006,472 in FY 2027, \$2,400,465 in FY 2028, and \$2,457,060 in FY 2029.

Fiscal Analysis Table

	<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>
<u>Fiscal Impact</u>				
FTE	9.75	13.00	13.00	13.00
TOTAL Fiscal Impact	9.75	13.00	13.00	13.00
<u>Expenditures</u>				
Personal Services	\$1,155,280	\$1,540,373	\$1,563,479	\$1,586,931
Operating Expenses	\$410,480	\$2,466,099	\$836,983	\$870,129
TOTAL Expenditures	\$1,565,760	\$4,006,472	\$2,400,462	\$2,457,060
<u>Funding of Expenditures</u>				
General Fund (01)	\$1,565,760	\$4,006,472	\$2,400,462	\$2,457,060
TOTAL Funding of Expenditures	\$1,565,760	\$4,006,472	\$2,400,462	\$2,457,060
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$1,565,760)	(\$4,006,472)	(\$2,400,462)	(\$2,457,060)



Sponsor's Initials



Date



Budget Director's Initials

1/27/2025

Date