



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0944.02 (002): Authorize transfers and other necessary measures to implement HB2 Section A**

Primary Sponsor: Terry Falk 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)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact

HB 944, as amended, establishes specific reporting requirements for agencies to submit to the Section A Interim Budget Committee thirty days prior to each meeting. This bill is effective July 1, 2025, and terminates September 15, 2026.

FISCAL ANALYSIS

Assumptions

Department of Commerce

1. The bill would require the following information from the Department of Commerce in writing every 90 days:
 - a. updated tourism tax revenue collections;
 - b. advertising dollars spent, both on traditional methods and on social media, for the last 5 years by year, by month, and by county, and an evaluation of the department's current marketing and advertising budgets (See Technical Concerns);
 - c. examination of tax revenue generated by the Board of Horseracing;
 - d. destination Montana, and to provide and explain the results of the phase I planning from the \$2.9 million U.S. Economic Development administration's Travel, Tourism, and Outdoor Recreation program grant received for tourism sector recovery from the COVID-19 pandemic and on the status of the implementation phase; and
 - e. the updated status of any employees related to the American Rescue Plan Act
 - f. updates on aged vacancy reports, attrition activity, and vacancy rates.

2. While some of this data is readily available and could be compiled and delivered quarterly, much of it is not currently available and would require substantial effort to determine and compile. For instance:
 - a. Section 1(7)(b) requires advertising dollars spent both on traditional methods and on social media, for the last 5 years, by year, by month, and by county, and an evaluation of the department's current marketing and advertising budgets. Marketing strategy for the previous 5 years was not broken out in this manner and cannot be recreated to meet this definition. This would require significant staff and agency of record time to conduct a manual audit of every marketing activity since 2020 to determine which counties were featured, whether that county was the actual subject of the ad and how much was spent on production, creative, web, social and the actual paid media buy itself. The number of activities could number in the tens of thousands to include every single social media post spanning that five-year period. No media buying would have been broken out by county as the primary call to action of Commerce paid media is to go to visitmt.com, which then facilitates traveling to our state, not necessarily one specific county or location, but many locations. Therefore, any information provided would only be calculated estimates.
 - b. Section 1(7)(c) requires a quarterly examination of tax revenue generated by the Board of Horseracing. The board does not collect any taxes.
3. The department's employees will incur compensatory time to generate the required reports.

Department of Military Affairs

4. Section 1(8) adds reporting requirements to the Department of Military Affairs (DMA) on efforts to restrain growth in general fund spending; the intent and goal of the reporting requirements are unclear (See Technical Concerns).
5. DMA assumes each division would report on their general fund spending and would take 10-15 staff hours per division to complete a report and an additional 5-10 hours each for the CFO and Deputy Director to review the reports.
6. While DMA can cover the additional workload within current appropriations, this reporting requirement will increase comp time balances.

Department of Labor and Industry

7. Section 1 (4) provides three measures that DLI will be required to report on. (a) decreased reliance on general fund, (b) utilization of square footage leased by DLI (c) releasing more positions budgeted. DLI would have no fiscal impact since these reporting requirements can be handled within the current resources of the agency.

Governor's Office

8. The recruitment and retention funding was removed from HB 2 on the house floor so no report will be provided.
9. The Governor's Office will provide an update on the results of the position budgeted for the Governor's Efficiency Initiative.
10. The office will perform the duties listed within the existing budget.

Legislative Branch

11. HB 944, as amended, requires all agencies in Section A to provide quarterly updates to the Section A Interim Budget Committee (IBC) on:
 - a. Aged vacancy reports
 - b. Attrition activity
 - c. Vacancy rates
12. Section 3 of HB 944, as amended, provides that the IBC may make referrals and recommendations to the legislative auditor.
13. All the requirements in HB 944, as amended, that affect the legislative branch are a part of normal duties, although it would require prioritization by the IBC, but there is no fiscal impact.

Department of Administration

14. This bill, as amended, will require additional reporting and it will also require more time to compile and

review reports. There will be significant time and effort spent, but these costs can be covered within the Department of Administrations' existing budgets but comp time balances will likely increase.

Department of Revenue

15. Section 1 (1), a through d provide quarterly reporting requirements for the interim budget committee. The Department of Revenue can perform the required items using existing agency resources but comp time balances will likely increase.

Technical Concerns

Department of Commerce

1. Section 1 (7) (c) requires a quarterly examination of tax revenue generated by the board of horseracing. The board does not collect any taxes.
2. Section 1 (7)(e) requires reporting on ARPA funding. This funding is not appropriated in HB 2, and therefore does not appear to fit within the title or intent of this bill.

Department of Administration

3. For the Department of Administration's General Services Division Section 1, (5), (a), (b), (e), and (h) are referenced with a vagueness that is not fully understood.
 - a. Is Lease Contemplation (a) referring to lease renewals, discussions with agencies, and/or communication to and from possible and current lessees or lessors?
 - b. In addition, the intent of "contemplated building acquisitions in (b) is unclear. Does this refer to the possibility of building purchase or sale or building lease agreements?
 - c. Does department consolidation or split-off contemplations (h) refer to any discussion or conversation for the division to move approved roles within the division or enhance the division efficiency with roles? Or what does it specifically refer to?

Department of Military Affairs

4. Section 1 (8)(a) is unclear, and more information is needed.
5. The Department of Military Affairs is predominantly a state/federal match budget.

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date



Budget Director's Initials

4/7/2025

Date