



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0385.01: Create a general claims court**

Primary Sponsor: **Tom McGillvray**

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>
Expenditures				
General Fund (01)	\$1,055,764	\$3,582,289	\$1,969,916	\$2,019,370
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>(\$1,055,764)</u>	<u>(\$3,582,289)</u>	<u>(\$1,969,916)</u>	<u>(\$2,019,370)</u>
General Fund Balance				

Description of fiscal impact

SB 385 creates the Montana Government Claims Court. Costs shown on this fiscal note are the costs for staffing and standing up the court and IT costs.

FISCAL ANALYSIS

Assumptions

Judiciary

1. The effective date of the bill is July 1, 2025. Section 24 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.
2. There will be three government claims court judges who will each be paid 20% higher than the salary of a Montana Supreme Court Associate Justice. The estimated cost per judge is \$240,116 including salary and benefits for a cost of \$540,261 for nine months in FY 2026 and \$720,348 for a full year in FY 2027. A 1.5% inflation factor is added for FY 2028 and FY 2029.
3. Section 4 provides for one clerk of court, one court reporter, three law clerks, and administrative staff as needed. It's assumed the administrative staff needs will be met with 1.00 FTE judicial assistant. The personal services cost for the judicial staff would be \$392,155 for nine months in FY 2026 and \$522,873 for a full year in FY 2027. A 1.5% inflation factor is added for FY 2028 and FY 2029.
4. Total personal services costs for judges and all staff are estimated at \$932,416 in FY 2026, \$1,243,221 in FY 2027, \$1,261,869 in FY 2028, and \$1280,797, in FY 2029 with a total 9.00 FTE.
5. One-time startup costs for the judges and staff, including office desk, chair, bookshelves, file cabinets, laptops, printers, judge robes, and court reporter equipment are estimated at \$34,877.
6. 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 \$10,091 for nine months of funding in FY 2026 and \$13,454 a full year in FY 2027. A 1.5% inflation factor is added for FY 2028 and FY 2029.
7. Per section 4, the government claims court will be located in Helena. Lease space is estimated at 2,700 square feet (300 square feet for each position) at a cost of \$22 per square foot (the going commercial lease rate in Helena). Lease rates are based on full-service leases which include janitorial but not tenant improvements. Lease costs for 9 months in FY 2026 are \$44,550 and \$59,400 for a full year in FY 2027. A 1.5% inflation factor is added for FY 2028 and FY 2029.
 8. The government claims court will utilize electronic filing, which will also require a case management system. The court will require a custom case management system that will integrate with the current Montana E-Filing system. The system used for District Courts is not feasible for judicial panels. The system used by the Supreme Court does not have a contract that allows for expansion to another court such as the General Claims Court. 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.
 9. Section 4 provides for jury trials in the matters before the government claims court. There were 37 civil trials across the state in FY 2024 for a total cost of \$139,065. Using FY 2024 number, the average cost per civil trial is \$3,759. The Judicial Branch estimates one trial per month for a cost of \$33,831 for nine months in FY 2026 and \$45,108 in FY 2027. A 1.5% inflation factor is added for FY 2028 and FY 2029.
 10. Total costs are estimated at \$1,055,764 in FY 2026, \$3,582,289 in FY 2027, \$1,969,916 in FY 2028, and \$2,019,370 in FY 2029.

Fiscal Analysis Table

Judiciary				
	<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>				
<u>Expenditures</u>				
Personal Services	\$932,416	\$1,243,221	\$1,261,869	\$1,280,797
Operating Expenses	\$117,398	\$2,339,068	\$708,047	\$738,573
Equipment	\$5,950	\$0	\$0	\$0
TOTAL Expenditures	<u>\$1,055,764</u>	<u>\$3,582,289</u>	<u>\$1,969,916</u>	<u>\$2,019,370</u>
<u>Funding of Expenditures</u>				
General Fund (01)	\$1,055,764	\$3,582,289	\$1,969,916	\$2,019,370
TOTAL Funding of Expenditures	<u>\$1,055,764</u>	<u>\$3,582,289</u>	<u>\$1,969,916</u>	<u>\$2,019,370</u>
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	<u>(\$1,055,764)</u>	<u>(\$3,582,289)</u>	<u>(\$1,969,916)</u>	<u>(\$2,019,370)</u>

~~NO SPONSOR SIGNATURE~~ 3/3
Sponsor's Initials Date

RD 3/3/2025
Budget Director's Initials Date