



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0833.02 (003): Provide funding to increase correctional capacity

Primary Sponsor: John Fitzpatrick 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</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)	\$126,750,000	\$126,750,000	\$1,776,250	\$1,802,894
Other	\$0	\$0	\$0	\$0
Capital Development (05)	\$123,000,000	\$123,000,000	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
Capital Development (05)	\$123,000,000	\$123,000,000	\$0	\$0
Net Impact	<u>(\$126,750,000)</u>	<u>(\$126,750,000)</u>	<u>(\$1,776,250)</u>	<u>(\$1,802,894)</u>
General Fund Balance				

Description of fiscal impact

HB 833 provides \$250 million for assessment, transition, planning, construction, operation, etc. for additional correctional capacity and \$3.5 million for operations and maintenance. The assessment will determine which type of facility will be acquired, which will determine how and from what fund type the funds will be expended. Department of Corrections will report quarterly to three interim committees throughout the assessment and construction of the project.

FISCAL ANALYSIS


Assumptions

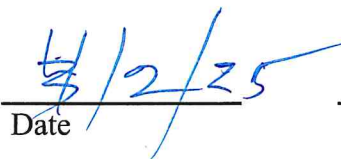
- HB 833 creates the Future of Corrections State Special Revenue fund.
- Section 3 contains a \$246 million transfer from general fund into the Capitol Developments Long-Range Building Program Account.
- Section 2 appropriates \$4 million from the general fund to assess the options provided for correctional capacity as well as for costs incurred once a method to expand correctional capacity is selected.
- The options to create additional correctional capacity are: state build, build-to-lease, and lease-to-own.
- After analysis and review, if the "state build" option is used, the following assumptions apply:
 - For purposes of this fiscal note, the "state build" option is assumed.
 - Capital development (CD) projects and appropriations are valid until projects are completed in accordance with 17-7-212, MCA. For the purpose of this fiscal note, the project shows as expended in FY 2026 and FY 2027. The actual schedule of expenditures and transfers will differ.

- c. CD projects that result in a new facility as defined in 17-7-201(8), MCA, must be funded for operations and maintenance or may not be authorized by the legislature unless as provided in 17-7-210, MCA.
 - d. Section 4(3)(a) contains a general fund biennial appropriation of \$3.5 million for operations and maintenance
 - e. A 1.5% inflation factor is applied to FY 2028 and FY 2029 for operations and maintenance.
6. If an option other than "state build", "renovation", or "purchase" is selected, up to \$246 million transferred to the Capital Developments Long-Range Building Program Account can be subsequently by transferred to the Future of Corrections State Special Revenue Account created in Section 1. The state special revenue will be used for "build to lease" or "lease to own" expenses.
7. The Department of Corrections will report quarterly on progress quarterly to three interim committees until the project is completed.

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>				
<u>Expenditures</u>				
Operating Expenses	\$3,750,000	\$3,750,000	\$1,776,250	\$1,802,894
Transfers	\$123,000,000	\$123,000,000	\$0	\$0
Capital Outlay	\$123,000,000	\$123,000,000	\$0	\$0
TOTAL Expenditures	\$249,750,000	\$249,750,000	\$1,776,250	\$1,802,894
<u>Funding of Expenditures</u>				
General Fund (01)	\$126,750,000	\$126,750,000	\$1,776,250	\$1,802,894
Other	\$0	\$0	\$0	\$0
Capital Development (05)	\$123,000,000	\$123,000,000	\$0	\$0
TOTAL Funding of Expenditures	\$249,750,000	\$249,750,000	\$1,776,250	\$1,802,894
<u>Revenues</u>				
Other	\$0	\$0	\$0	\$0
Capital Development (05)	\$123,000,000	\$123,000,000	\$0	\$0
TOTAL Revenues	\$123,000,000	\$123,000,000	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$126,750,000)	(\$126,750,000)	(\$1,776,250)	(\$1,802,894)
Other	\$0	\$0	\$0	\$0
Capital Development (05)	\$0	\$0	\$0	\$0


Sponsor's Initials


Date


Budget Director's Initials

4/2/2025
Date