



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0060: Generally revise state auditor laws**

Primary Sponsor: **Ed Buttrey**

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)	\$32,110	\$66,485	\$100,860	\$126,641
Net Impact	<u>\$32,110</u>	<u>\$66,485</u>	<u>\$100,860</u>	<u>\$126,641</u>
General Fund Balance				

Description of fiscal impact

HB 60, as amended, generally revises laws impacting the State Auditor's Office, and there are two sections with fiscal impact. Section 4 eliminates the \$50 exemption fee for notice filing of charitable offerings; Section 9 allows surplus lines insurers domiciled in Montana to write premium in Montana, which will then be subject to annual premium taxes.

FISCAL ANALYSIS

Assumptions

State Auditor's Office

1. HB 60 section 4 eliminates a \$50 fee for an exemption to notice filing of a charitable offering. The State Auditor's Office (SAO) received 55 exemption requests in FY 2023 and 50 exemption requests in FY 2024. The SAO received a total of \$5,520 for the two-year period (105 exemption requests x \$50 per request = \$5,250). The average total fees collected per fiscal year for the two-year period was \$2,265 ($\$5,250 / 2 = \$2,265$).
2. The filing fees received by the SAO for the Securities Program are deposited to the general fund. The SAO estimates a reduction of \$2,265 per year of revenue to the general fund.
3. HB 60 section 9 allows surplus lines insurers domiciled in Montana to write premium in Montana. There is currently one surplus lines insurer domiciled in Montana. This insurer provided the SAO with an estimate of premiums it expects to write in Montana in the first three years. The surplus lines premium tax rate is 2.75%.

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Estimated Premium Written	1,250,000	2,500,000	3,750,000	4,687,500
Premium Tax Rate	2.75%	2.75%	2.75%	2.75%
Estimated Total Premium Tax	34,375	68,750	103,125	128,906

4. The surplus lines premium taxes are deposited to the General Fund.
 5. In summary, the total revenue impact for FY 2026 - FY 2029 is shown below:

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
Estimated Revenue Reduction Section 4 Securities Filing Fee	(2,265)	(2,265)	(2,265)	(2,265)
Estimated Premium Tax Revenue Section 9 Surplus Lines	34,375.00	68,750.00	103,125.00	128,906.00
Total Revenue Impact	32,110	66,485	100,860	126,641

Department of Administration:

6. There is no fiscal impact to the Department of Administration from HB 60, as amended. The State of Montana Employee Benefit Plan falls under Title 2 of the MCA, whereas HB 60 seeks to change statute for preferred provider examinations under Title 33.
 7. Tele-health appointments are currently covered under the State of Montana Employee Benefit Plan.
 8. The one-year limitation placed upon claim audits does not affect financial aspects.

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>				
<u>Funding of Expenditures</u>				
<u>Revenues</u>				
General Fund (01)	\$32,110	\$66,485	\$100,860	\$126,641
TOTAL Revenues	\$32,110	\$66,485	\$100,860	\$126,641
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	\$32,110	\$66,485	\$100,860	\$126,641


Sponsor's Initials

1/16/25
Date


Budget Director's Initials

1/15/2025
Date