



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0065: Audit State Bar of Montana

Primary Sponsor: Lee Deming

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)	\$202,183	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$202,183	\$0	\$0	\$0
Net Impact	<u>(\$202,183)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance				

Description of fiscal impact

HB 65 requires a one-time performance audit of the State Bar of Montana. The fiscal impact to the Judicial Branch is \$202,183 general fund in the 2027 Biennium.

FISCAL ANALYSIS

Assumptions

Judicial Branch

1. HB 65 requires a one-time performance audit of the Montana State Bar Association with a final report due December 15, 2026, to the Law and Justice Interim Committee.
2. The Legislative Audit Division (LAD) bills at an hourly rate of \$97.11, and LAD anticipates a budget of 2,082 hours to complete the audit for a total cost of \$202,183.
3. One-time general fund authority in the 2027 Biennium will be necessary to cover the cost of HB 65.

Legislative Branch

4. The estimated \$202,183 cost of the performance audit uses the FY 2025 performance audit hourly billing rate. The performance audit hourly rate for the FY 2026 and FY 2027 fiscal years has not been developed, however, so all billing to the Judicial Branch will be updated with those rates.
5. The Legislative Audit Division will conduct the one-time performance audit with existing resources, so no additional expenses are shown.
6. The \$202,183 paid by the Judicial Branch will be deposited in LAD's state special revenue account.
7. Revenue and expenses are shown in FY 2026. Depending on the timing of the audit, the actual revenue and expenses could be split between FY 2026 and FY 2027.

Fiscal Analysis Table

Judiciary

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$202,183	\$0	\$0	\$0
TOTAL Expenditures	<u><u>\$202,183</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Funding of Expenditures</u>				
General Fund (01)	\$202,183	\$0	\$0	\$0
TOTAL Funding of Expenditures	<u><u>\$202,183</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Revenues</u>				
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	<u><u>(\$202,183)</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

Legislative Branch

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
<u>Funding of Expenditures</u>				
<u>Revenues</u>				
State Special Revenue (02)	\$202,183	\$0	\$0	\$0
TOTAL Revenues	<u><u>\$202,183</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	<u><u>\$202,183</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

STATEWIDE SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
TOTAL Fiscal Impact	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>Expenditures</u>				
Operating Expenses	<u>\$202,183</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Expenditures	<u>\$202,183</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures</u>				
General Fund (01)	<u>\$202,183</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Expenditures	<u>\$202,183</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues</u>				
State Special Revenue (02)	<u>\$202,183</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Revenues	<u>\$202,183</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	<u>(\$202,183)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
State Special Revenue (02)	<u>\$202,183</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Technical Concerns

1. Montana State Bar Association is not part of the Judicial Branch.
2. The State Bar contracts with a public accounting firm for routine financial audits.
3. The State Bar is not defined as a state agency, or quasi-governmental entity, outside of Title 5, MCA, unlike other agencies and quasi-governmental entities.
4. As a non-state entity, the State Bar's financial activity is not subject to appropriation.

NOT SIGNED BY SPONSOR_____
Sponsor's Initials_____
Date_____
Budget Director's Initials

1/7/2025

Date