



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0246.01: Provide for Montana First Procurement laws and establish reporting requirements**

Primary Sponsor: Cora Neumann 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 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

SB 246 establishes a new section for the procurement of food products, rulemaking, and reporting. The bill adds requirements for vendors to report on food products purchased by a governmental body. Agencies will need to adopt rules to administer the optional procurement and reporting requirements provided. While there could be costs associated with collection, storage, and management, the fiscal impact to the state is estimated to be minimal.

FISCAL ANALYSIS

Assumptions

Department of Administration (DOA)

1. The requirements in Section 2 for vendor annual reports to be submitted will require storage space and management services. This section does not provide a destination for where these reports are to be sent, stored, or utilized. However, it is assumed each agency who has a food contract with a vendor meeting the \$100,000 threshold, will be responsible for housing, storing, and analyzing these reports. There will be a minimal impact to DOA that can be absorbed within the department's existing budget.
2. If DOA is required to house, data store, manage, and analyze these reports for the state, this could potentially lead to additional costs. Those costs are estimated to be \$20,000 annually.

Department of Public Health and Human Services

3. SB 246 states that the acquisition of Montana-sourced products, where the bid price is equivalent to or reasonably exceeds the lowest bid for comparable out-of-state products, represents a fiscally neutral proposition relative to current departmental expenditures.

Commissioner of Higher Education

4. The Montana University System (MUS) anticipates minimal fiscal impact based upon the following assumptions:
- This bill will apply only to total contract values over \$100,000.
 - The MUS can access the majority of this information from existing account codes. However, the breakdown of the categories stated in the bill is more detailed than current accounting codes which could create additional administrative burden.

Office of Public Instruction

5. The Office of Public Instruction's procurement methods for food products do not change with this bill.

Department of Corrections


6. There is no fiscal impact anticipated to the department.

Technical Concerns

- The Department of Administration (DOA) is responsible for the procurement of goods and services as required in Title 18, Chapter 4, the Montana Procurement Act. The language appears to create a Montana-based preference that conflicts with current Administrative Rule defining Reciprocal Preference.
- Subsection (3) of Section 2 requires that all new and renewed contracts with a governmental body for the purchase of food products with a total contract value of \$100,000 or more include language requiring reports as prescribed in subsection (4). The governmental body will be required to add the new reporting requirements when an existing contract is renewed. There may be some fiscal impact to contract costs due to the new requirement.
- Section 2 requires vendors to provide reports for a number of food categories for the total dollar value of food products purchased by governmental bodies as well as the total dollar value of Montana-produced food products, and more specifically the total dollar value for Montana-produced food products for specified categories defined in Section 2. There is a risk of unreliable data due to the manual effort to gather the data.
- Data related to origin or location of production for many food items, especially components of processed food articles, is typically not available on purchase documentation such as receipts. While food product packaging may contain some information related to origin of some components, it is not feasible to determine, compute, or track percentages of Montana-produced food items in every food product.
- In exigent circumstances, such as fire suppression response or other emergency, it is not practical or possible to determine, compute, or track the origin of components in food products that may be purchased for emergency responders.



Sponsor's Initials



Date



Budget Director's Initials

2/10/2025

Date