



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0643.04 (003): Revise reimbursement costs to detention centers holding inmates in state custody**

Primary Sponsor: Tracy Sharp Status: As Amended in Senate 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>
<b>Expenditures</b>				
General Fund (01)	\$108,197	\$6,199,820	\$6,292,817	\$6,387,209
State Special Revenue (02)	\$6,000,000	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>(\$108,197)</u>	<u>(\$6,199,820)</u>	<u>(\$6,292,817)</u>	<u>(\$6,387,209)</u>
<b>General Fund Balance</b>				

### Description of fiscal impact

HB 643 as amended updates the definition of "actual cost" of a detention center to be the greater of the daily per inmate provider rate for an operator of a private correctional facility in Montana with a population of more than 500 state inmates that contracts with DoC less 10% or \$82.00. The amendment also directs the Department of Public Health and Human Services (DPHHS) to utilize the \$6,000,000 state special appropriation to reimburse counties at a rate equal to 135% of the rate paid to private contracted facilities with more than 500 state inmates. DPHHS will incur costs related to reimbursing counties.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Corrections (DoC)

1. The rate for DoC does not change, given the amendments to the bill so there would be no fiscal impact.

#### Department of Public Health and Human Services (DPHHS)

- Section 2(2) directs DPHHS to reimburse counties at 135% of the rate paid to operators of private correctional facilities in Montana with greater than 500 state inmates.
- The daily rate paid by DPHHS would be \$133.88 in FY 2026, with a 1.5% growth each year.
- The department's waitlist averages 100-125 people held daily in county detention centers while awaiting placement into a DPHHS facility. The waitlist is assumed to hold at 125 for the projected years.
- Based on the assumptions above, the department assumes the \$6 million state special appropriation in Section 2 will be exhausted in FY 2026 (see table after assumption 5).
- Total costs are \$6,108,197 in FY 2026, \$6,199,820 in FY 2027, \$6,292,817 in FY 2028, and \$6,387,209 in FY 2029 (table below). Costs in excess of the appropriation are shown as general fund in this analysis.

<b>FY</b>	<b>Daily Detention Cost</b>	<b>Projected Waiting List</b>	<b>Days</b>	<b>Total Cost</b>
2026	\$133.88	125	365	\$6,108,197
2027	\$135.89	125	365	\$6,199,820
2028	\$137.92	125	365	\$6,292,817
2029	\$139.99	125	365	\$6,387,209
<b>Total</b>				<b>\$24,988,043</b>

## Fiscal Analysis Table

## Department of Public Health and Human Services

	<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>
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
Operating Expenses	\$6,108,197	\$6,199,820	\$6,292,817	\$6,387,209
<b>TOTAL Expenditures</b>	<b>\$6,108,197</b>	<b>\$6,199,820</b>	<b>\$6,292,817</b>	<b>\$6,387,209</b>
<b><u>Funding of Expenditures</u></b>				
General Fund (01)	\$108,197	\$6,199,820	\$6,292,817	\$6,387,209
State Special Revenue (02)	\$6,000,000	\$0	\$0	\$0
<b>TOTAL Funding of Expenditures</b>	<b>\$6,108,197</b>	<b>\$6,199,820</b>	<b>\$6,292,817</b>	<b>\$6,387,209</b>
<b><u>Revenues</u></b>				
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$108,197)	(\$6,199,820)	(\$6,292,817)	(\$6,387,209)
State Special Revenue (02)	(\$6,000,000)	\$0	\$0	\$0

## Technical Concerns

## Department of Corrections

1. There is an amendment being proposed to HB 913, which is the Section D companion bill. It appears the amendment will also establish a daily rate of \$85.30 for detention centers. The language would appear to conflict with the language in HB 643 so coordinating language between the bills may be needed.

## Department of Public Health and Human Services

1. The department currently has requests for HB 2 decision packages that may reduce the waiting lists at the detention center.
2. The Behavioral Health Systems for Future Generations (BHSFG) fund was established to expand intensive and community-based behavioral health and developmental services across Montana.
3. The bill lists the minimum daily per-inmate provider rate as \$82.00, which could change depending on the passage of other legislation.
4. The language in Section 2(2) is could be interpreted to mean that the 135% rate only applies to counties which contain a private correctional facility housing more than 500 state inmates. Amendments to provide clarification may be needed.

Sponsor's Initials

Date

Budget Director's Initials

4/22/2025  
Date