



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0463 - Establish reporting requirement for food procurement (Sullivan, Katie )

**Status:** As Introduced

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b>Expenditures:</b>				
General Fund	\$307,054	\$319,037	\$323,822	\$328,679
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>(\$307,054)</u>	<u>(\$319,037)</u>	<u>(\$323,822)</u>	<u>(\$328,679)</u>

**Description of fiscal impact:** This bill establishes a reporting requirement for food procured by state agencies, the Montana University, and local governments. Additional resources will be needed to provide the analysis, monitoring, and reporting requirements established in the bill.

### FISCAL ANALYSIS

**Assumptions:****Department of Administration**

- The proposed legislation includes food purchases made by state employees on state purchasing cards, food purchases made by state employees in travel status, conferences/catering, food for resale at dorms and universities, and inmate food. However, some information may not be available. For example, food purchased for hosting a conference does not have the required detail.
- The state records \$200-\$300 million annually in food/beverage costs that are not currently broken into Montana/non-Montana categories.
- In order to implement the requirements of HB 463, the Department of Administration's Statewide Accounting Bureau will need to establish at least 30 new account codes and hire a 0.50 FTE accounting technician to work with governmental bodies to break out the Montana/non-Montana purchases.
- Salary and benefits for the 0.50 FTE are estimated at \$30,037 annually. This amount has been inflated by 1.5% for fiscal years 2026 and 2027.

5. The department’s existing related contracts will also need to be amended to include the required language.
6. Because of the manual effort required to gather data, there is a high risk of unreliable data.

**Department of Revenue**

7. The Department of Revenue purchases liquor from liquor suppliers to fulfill agency liquor store orders. As written, HB 463 includes these purchases made for the department’s Alcoholic Beverages Control Division’s distribution operations. It is unclear if the proposed legislation intends to include these purchases in the analysis. See also technical concerns.

**Office of the Commissioner of Higher Education**

8. The reporting requirements in HB 463 will require additional staff to track, analyze, monitor, and report on the criteria stated in the bill. For the Montana University System, 4.00 FTE are needed - 2.00 FTE for the MSU campuses and 2.00 FTE for the UM campuses.
9. The average salary and benefits for a procurement officer is \$69,254 annually. This amount has been inflated by 1.5% for fiscal years 2026 and 2027.
10. The additional costs will be paid through a general fund transfer to the Montana University System.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	4.50	4.50	4.50	4.50
<b><u>Expenditures:</u></b>				
Personal Services - DOA	\$30,037	\$30,939	\$31,403	\$31,874
Transfers - MUS	\$277,017	\$288,098	\$292,419	\$296,805
<b>TOTAL Expenditures</b>	<u>\$307,054</u>	<u>\$319,037</u>	<u>\$323,822</u>	<u>\$328,679</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$307,054	\$319,037	\$323,822	\$328,679
<b>TOTAL Funding of Exp.</b>	<u>\$307,054</u>	<u>\$319,037</u>	<u>\$323,822</u>	<u>\$328,679</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$307,054)	(\$319,037)	(\$323,822)	(\$328,679)

**Effect on County or Other Local Revenues or Expenditures:**

**Montana Association of Counties**

1. There is a significant impact to local governments, especially nursing home and detention operations and the contracts in place to provide meals to those facilities. However, this impact has not yet been quantified.

**Technical Notes:**

1. The Department of Revenue purchases liquor from liquor suppliers to fulfill agency liquor store orders. As written, HB 463 includes these purchases made for the department’s Alcoholic Beverages Control Division’s distribution operations. It is unclear if the proposed legislation intends to include these purchases in the analysis.

- 2. 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 retail 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.
- 3. In exigency situations, 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 Notes:

I recognize this fiscal note as it applies to the original Bill. I am encouraging the committee to amend the Bill with the amendment presented in committee which will greatly decrease - if not eliminate - the fiscal note.

- Katie Sullivan

  
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 Sponsor's Initials

FEB 17, 2023  
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 Date

  
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 Budget Director's Initials

2-17-23  
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 Date