



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0842 - Revise allocation of marijuana tax revenue for psychiatric opportunity zones (Kerns, Scot)

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

	FY 2024	FY 2025	FY 2026	FY 2027
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Expenditures:				
General Fund	\$131,850	\$14,850	\$76,604	\$77,723
State Special Revenue	\$50,680	\$19,563	\$19,563	\$19,563
Revenue:				
General Fund	\$0	(\$433,000)	(\$450,000)	(\$467,000)
State Special Revenue	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$131,850)</u>	<u>(\$447,850)</u>	<u>(\$526,604)</u>	<u>(\$544,723)</u>

Description of fiscal impact: HB 842 creates a \$5,000 nonrefundable tax credit for certain mental health professionals working in psychiatric opportunity zones, as designated by the Department of Public Health and Human Services (DPHHS). The bill designates up to 1% of the distribution from the marijuana state special revenue account for the tax credit. Through its licensing boards, the Department of Labor and Industry is required to compile data related to mental health providers to identify provider shortage areas throughout the state in order to help mental health employers develop workforce development strategies.

FISCAL ANALYSIS

Assumptions:**Department of Labor and Industry (DLI)**

- The Boards of Medical Examiners, Nursing, Psychology, and Behavioral Health will be charged with collecting data from licensees as indicated in the bill. Some demographic information is available in the professional licensing database, however, specific information as to whether a practitioner is currently in practice and where, will need to be continually requested and updated as it is not a requirement to furnish such information when renewing a license to practice.

2. The division and boards will need to collect additional information at the point of license renewal or through a special survey sent out to licensees. Because of the mobility of the workforce, this data would always be at risk of being out of date.
3. The department's Technology Services Division, (TSD), will work with the Employment Standards Division to create an interactive online map for use in workforce planning. Initial costs are estimated for analysis, design, development, reporting, testing and implementation at \$31,200 for 300 hours at a rate of \$104 per hour.
4. Personal Service assistance would be required in the form of a 0.25 FTE Research Analyst to work with TSD to verify, compile, and move information from the licensing database into a map of service areas and providers. The estimated cost is \$19,616 for salary and benefits in FY 2024 and \$19,692 in FY 2025-2027.
5. DLI cost allocation plan is applied at 9.5% of personal services for FY 2024-2027. This equates to \$1,864 in FY 2024 and \$1,871 in FY 2024-2027.
6. It is assumed a purchase of office equipment or computer would not be necessary, although special software to work with data analysis may be necessary and in addition to these costs.
7. This bill provides \$2,000 in general fund appropriation for each year of the biennium starting July 1, 2023. It is assumed the remainder of the required funding would be distributed amongst impacted boards.

Department of Public Health and Human Services (DPHHS/department)

8. HB 842 requires the department to identify and designate specific communities, counties, or other geographical areas as psychiatric opportunity zones based on the provisions in new Section 7 of the proposal.
9. The department's Behavioral Health and Developmental Disabilities (BHDD) division anticipates using contracted services to (1) accumulate the designation factors specified in new Section 7, (2) identify and designate psychiatric opportunity zones, (3) evaluate opportunities for using incentives to increase the number of mental health professionals in rural and underserved areas of the state, and (4) report to the children, families, health, and human services interim committee based on the requirements in new Section 7(4).
10. The department will use the request for proposal (RFP) process to solicit qualified contractors. Although, total RFP costs are unknown until awarded, based on an informal quote from a vendor, the department assumes contracted costs of \$245 per hour. For purposes of the fiscal impact analysis, the department estimates 1,060 hours of initial effort to design, develop, and integrate data for the first two-year reporting cycle for a total cost of \$259,700 (1,060 hours x \$245). Assuming an equal split of 530 hours each year in contract hours, contracted costs are estimated at \$129,850 per year (530 hours x \$245) in FY 2024 and FY 2025.
11. DPHHS assumes a 1.5% inflation factor for costs in FY 2026 and FY 2027. Equating to an average contracted hourly rate of \$248.68 in FY 2026 and \$252.41 in FY 2027.
12. Following the initial two-year development and reporting phase, it is assumed that contracted services necessary ongoing for every two-year cycle would be 600 hours. Assuming an equal split of 300 hours each year in contract hours, contracted costs are estimated at \$74,604 (300 hours x \$248.68) in FY 2026 and \$75,723 (300 hours x \$252.41) in FY 2027.

Department of Revenue (DOR)

13. HB 842 creates a tax credit for certain mental health professionals working in psychiatric opportunity zones, as designated by the Department of Public Health and Human Services.
14. The credit is \$5,000, nonrefundable, and available for every year the mental health professional qualifies. They qualify as long as they are licensed under one of the professions listed in Section 8 (2) of the bill, and actively practice in a designated psychiatric opportunity zone.
15. The bill designates up to 1% of the distribution from the marijuana state special revenue account for the psychiatric opportunity zone tax credit program and specifies that the Department of Revenue shall transfer an amount equal to the credits claimed to the general fund by October 1 of the following year. This effectively makes no change to the distribution of the marijuana revenue because under current law, the remainder of the revenue after the other distributions goes to the general fund.

16. The tax credit may be claimed beginning with TY 2024 and is assumed to decrease general fund revenue beginning in FY 2025 by \$5,000 times the number of credits claimed (as determined by DPHHS). It is unknown how many physicians will qualify for the credit based on which areas are designated as psychiatric opportunity zones.
17. The bill states that the distribution from the marijuana state special revenue account is for the amount of the credits up to 1% but it does not specifically say that the credits are capped at this 1% distribution. For the purposes of this fiscal note, it is assumed the credits claimed will equal the 1% distribution from the marijuana state special revenue account.
18. Based on the HJ 2 projected marijuana revenue and distributions, a 1% distribution as specified in this bill would be \$433,000 in FY 2025, \$450,000 in FY 2026, and \$467,000 in FY 2027. This would equate to about 90-100 physicians claiming the credit each year.
19. The Department of Revenue would have no additional costs because of this bill.

	<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>
<u>Fiscal Impact:</u>				
FTE	0.25	0.25	0.25	0.25
<u>Expenditures:</u>				
Personal Services	\$19,616	\$19,692	\$19,692	\$19,692
Operating Expenses	\$162,914	\$131,721	\$76,475	\$77,594
TOTAL Expenditures	<u>\$182,530</u>	<u>\$151,413</u>	<u>\$96,167</u>	<u>\$97,286</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$131,850	\$14,850	\$76,604	\$77,723
State Special Revenue (02)	\$50,680	\$19,563	\$19,563	\$19,563
TOTAL Funding of Exp.	<u>\$182,530</u>	<u>\$34,413</u>	<u>\$96,167</u>	<u>\$97,286</u>
<u>Revenues:</u>				
General Fund (01)	\$0	(\$433,000)	(\$450,000)	(\$467,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>(\$433,000)</u>	<u>(\$450,000)</u>	<u>(\$467,000)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$131,850)	(\$447,850)	(\$526,604)	(\$544,723)
State Special Revenue (02)	(\$50,680)	(\$19,563)	(\$19,563)	(\$19,563)

Technical Notes:

Office of Budget and Program Planning

1. The revenue effects presented in this fiscal note are based on HJ 2 revenue projections. The Governor’s budget includes assumptions based on the Governor’s revenue estimates. The following table includes the impact of HB 842 if the Governor’s revenue estimates for cannabis tax are used.

Tax Revenue Change by Fiscal Year Relative to HB 842 using Governor's Revenue Estimates		
Fiscal Year	State Special Change (Millions)	General Fund Change (Millions)
2024	\$0.750	(\$0.750)
2025	\$0.851	(\$0.851)
2026	\$0.883	(\$0.883)
2027	\$0.913	(\$0.913)

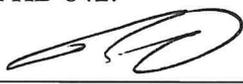
Department of Labor and Industry

2. Section 1 may implicate privacy and safety concerns, by requiring the department to produce a map for location information for mental health professionals. Many licensees may use their home address for licensure. The map could result in posting licensees’ home information.
3. Section 1 requires the posting of information not collected from licensees. In particular, it requires posting “whether the person is currently in practice.” While the department maintains information on license status, licensees may maintain an active license even though retired.
4. The expansion of telemedicine would make it difficult to equate a physical location to a possible area of provision of service.
5. Section 1(1)(b) requires data publication to include “type of practice.” While the Department issues licenses which may overlap with a practice type, the license an individual holds is not always indicative or “type of practice.”
6. Not all license types renew at the same time, therefore the data collection and mapping may not contain new or current data and some information could be dated by two years, particularly for those boards with a biennial renewal cycle.
7. 90-1-403, MCA, regarding the State Library, indicates that the library may be positioned to assist with this type of project with currently available technology and software. DLI may be able to provide data for the library to work with.

Department of Public Health and Human Services

8. The factors listed in new Sections 7 (1)(b) and 7 (1)(c)(i) are specific data components that the department does not believe can be readily collected, and therefore costs associated with these sections and reporting components are not included in the fiscal note impacts. New Section 7 (1)(b) directly ties designation of psychiatric opportunity zones to attempted and completed suicides. The department has no means to generate data on attempted suicides and would not be able to incorporate such factors. In addition, new Section 7 (1)(c)(i) describes indications of unmet need based on the number of individuals detained in jail because community mental health treatment was unavailable. Montana does not have a centralized jail system, each jail has its own unique policies and practices, collects varying data points, and reports data on its own system. It is unlikely that all jails would know, capture, and or report if a person was detained because community mental health treatment was unavailable. 1-2-112, MCA, and the possible imposition of new unfunded local government duties should be considered if new reporting is required at the local level.
9. It is unclear in the bill as to whether the mental health professional must reside and practice in the psychiatric opportunity zone. There is no consideration of telehealth in HB 842.

NOT SIGNED BY SPONSOR
Sponsor's Initials _____ Date _____


Budget Director's Initials _____

3-22-23
Date _____