



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

3

Bill information:	
SB0127 - Require Montana to provide funding for enforcement of PL280 (Hertz, Greg)	
Status:	As Introduced

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2023</u> <u>Difference</u>	<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>
Expenditures:					
General Fund	\$826,000	\$4,982,832	\$5,127,173	\$5,280,658	\$5,438,741
Revenue:					
General Fund	\$0	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$826,000)</u>	<u>(\$4,982,832)</u>	<u>(\$5,127,173)</u>	<u>(\$5,280,658)</u>	<u>(\$5,438,741)</u>

Description of fiscal impact: SB 127 requires reimbursement from the Montana Department of Justice (DOJ) to counties for net costs associated with enforcing criminal jurisdiction on the Flathead Indian Reservation. This fiscal note reflects the estimated cost to reimburse Lake County. This bill is effective upon passage and approval. If the state and the county cannot come to an agreement, or an appropriation is not provided by the legislature, the state shall take over all law enforcement. See technical note 2. *Note: The costs for reimbursement to other law enforcement agencies on the reservation cannot be estimated.*

FISCAL ANALYSIS

Assumptions:

Administrative Costs

1. It is assumed that the Department of Justice (DOJ), Central Services Division (CSD) will have the responsibility to track and audit invoices submitted by Lake County seeking reimbursement for costs incurred to enforce criminal jurisdiction on the Flathead Indian reservations.
2. It is assumed that CSD will receive reimbursement requests on a monthly basis.

3. CSD estimates a 0.25 FTE accountant would be needed to process reimbursements, verify invoices, and reconcile funding each month. CSD estimates the annual personal services cost for this FTE would be \$17,028. In FY 2024, there would be one time only operating expenses of \$4,352 to set up the employee. Ongoing operating costs would be \$5,019 annually. A 1.5% inflation rate is applied to FY 2026 and FY 2027.

Reimbursement Costs

4. Public safety costs in Lake County include public safety, dispatch, prosecuting attorney, clerk of district court, inmate medical, youth court, utilities allocation, and liability insurance allocation. The four-year average for these costs is \$7.08 million.
5. It is estimated that 70% of county attorney prosecutions in Lake County are related to American Indians.
6. Therefore, it is assumed that 70% of the \$7.08M budget (or \$4.96 million) would be billed to the state.
7. It is assumed this amount would be paid to Lake County each year. A 3.0 % inflation factor is applied for FY 2025, FY 2026, and FY 2027.
8. The cost for enforcing criminal jurisdiction by other law enforcement agencies including (but not limited to) Polson Police Department, Polson City Court, Ronan Police Department, and Hot Springs Police Department cannot be determined but would increase the fiscal impact to the state.
9. SB 127 is effective upon passage and approval. The fiscal impact of this bill in FY 2023 could be up to or over \$.826 million. No administrative costs (for DOJ) are included in FY 2023.

	<u>FY 2023</u> <u>Difference</u>	<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	0.00	0.25	0.25	0.25	0.25
<u>Expenditures:</u>					
Personal Services	\$0	\$17,028	\$17,028	\$17,283	\$17,542
Operating Expenses	\$0	\$9,371	\$5,019	\$5,095	\$5,171
Local Assistance	\$826,000	\$4,956,433	\$5,105,126	\$5,258,280	\$5,416,028
TOTAL Expenditures	<u>\$826,000</u>	<u>\$4,982,832</u>	<u>\$5,127,173</u>	<u>\$5,280,658</u>	<u>\$5,438,741</u>
<u>Funding of Expenditures:</u>					
General Fund (01)	\$826,000	\$4,982,832	\$5,127,173	\$5,280,658	\$5,438,741
TOTAL Funding of Exp.	<u>\$826,000</u>	<u>\$4,982,832</u>	<u>\$5,127,173</u>	<u>\$5,280,658</u>	<u>\$5,438,741</u>
<u>Revenues:</u>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>\$0</u>	<u>\$0</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)	(\$826,000)	(\$4,982,832)	(\$5,127,173)	(\$5,280,658)	(\$5,438,741)

Effect on County or Other Local Revenues or Expenditures:

- 1. Lake County will be reimbursed for actual costs. This will result in over \$5 million of revenue to the county per year, thus offsetting that amount in expenditures.

Technical Notes:

- 1. If a state appropriation for reimbursements required in SB 127 is provided to the Department of Justice, and the funds appropriated are not sufficient to cover the submitted invoices, the state may be subject to the implications of Section 1 (4) prior to the time that additional funding could be sought from the legislature.
- 2. Section 1(4) requires that if the state and Lake county cannot come to an agreement on funding or if the legislature does not provide an appropriation, the state shall assume criminal jurisdiction. The cost of the state assuming criminal jurisdiction cannot be estimated at this time, however it is assumed to be significant. Costs would include law enforcement officers, detention facilities, prosecutorial services, local court facilities and services, and more. There would be costs for personal services, operating expenses, vehicles and other equipment, information technology, and facilities as well as other undetermined expenses.

NO SPONSOR SIGNATURE

	1/26/23		1-26-23
<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>