



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0210 - Require state agencies to timely pay for services of other state agencies (Marshall, Ron )

**Status:** As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input 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

	<b>FY 2024 Difference</b>	<b>FY 2025 Difference</b>	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	\$24,000	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	\$0	\$0	\$0	\$0

**Description of fiscal impact:** This bill allows state agencies to assess interest on payments due from another state agency that are more than 60 days late. It is assumed that agencies will pay their bills on time, but if an agency misses that deadline, that agency can be assessed interest. There is a \$24,000 cost to the Department of Administration for staff time to modify the SABHRS-Financials inter-unit payment process. Costs to pay any interest assessed, or to implement the requirements proposed in this legislation, are assumed to be minimal.

### FISCAL ANALYSIS

**Assumptions:**

**All Agencies**

1. HB 210 requires state agencies that render services to another state agency to invoice the other agency within 60 days of rendering the services. In most cases, this is already done, and will generate no compliance issue or fiscal impact to state agencies. The technical notes include some circumstances where compliance may be an issue.
2. The bill also requires that state agencies receiving services rendered to pay an invoice within 60 days of receipt of the invoice. In most cases, this is already done, and will generate no compliance issue or fiscal impact to

state agencies. The technical notes include some circumstance where compliance may be an issue and invoiced agencies may be assessed interest due to no fault of their own.

3. Setting aside the specific circumstances addressed in assumptions 1 and 2 and the technical notes, it is assumed that state agencies rendering services will invoice within 60 days and agencies receiving services will pay those invoices within 60 days so there will be no fiscal impact.
4. In a circumstance where an agency is assessed interest for a late payment, the amount of interest cannot be determined but is assumed to be minimal.

**Department of Administration**

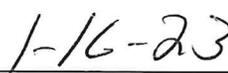
5. Agencies would use the Statewide Accounting, Budgeting, and Human Resources System (SABHRS) to calculate and assess interest.
6. In order to calculate and assess interest, as required in HB 210, the SABHRS-Financials inter-unit payment process will need to be modified.
7. This change will require approximately 400 hours of staff time, at \$60 per hour, for an estimated cost of \$24,000.
8. Approximately 20 agencies would be required to rewrite interface files to include an invoice date which may also require unknown costs to pay their staff or consultants to make changes.
9. A system change would require agency testing. However, testing costs are not included in this estimate.

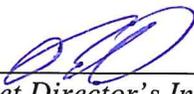
	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Personal Services	\$24,000	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$24,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$24,000	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$24,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$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)	\$0	\$0	\$0	\$0
Other	(\$24,000)	\$0	\$0	\$0

**Technical Concerns**

1. Section 17-8-312, MCA, states that internal services must be processed just like all other state payments. In addition, 17-8-242, MCA, requires the payment of interest (0.05% per day) for services if the payment is not timely (due date on invoice or 30 days, whichever is later). Since the statute refers to interagency payments as regular payments, it seems to be in conflict with the existing statutes.
2. As an example, in the Department of Administration - General Services Division, facilities projects and printing jobs can take longer than 60 days to bill. This occurs primarily when a contractor/supplier is delayed in providing final invoices for the items or services provided to the division so that the division can bill the state agency.
3. The definition of “rendering services” is not explained in this bill, so it is not clear when agencies would need to start calculating interest charges.
4. The interest calculation is also unclear, and the bill does not direct where the “accrued interest” is to be deposited.
5. There is no exception in the bill for billing disputes which are valid reasons an invoice may not be paid within 60 days.
6. Section 2 of this bill states that the invoiced state agency shall pay the invoice in full within 60 days of receipt of the invoice or by the current state fiscal year-end, whichever occurs last. This is an issue for agencies rendering services (for example) because it implies that an agency could actually pay their June FY 2023 invoice in August of FY 2024 which would not be in compliance with state accounting policies. To resolve this issue, the language could be changed to “whichever occurs first”.
7. The bill does not specify whether the interest penalty is a one-time charge or should be assessed monthly.

  
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Sponsor's Initials

  
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Date

  
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Budget Director's Initials

  
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Date