



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

SB0294 - Establish the end of watch trust (Usher, Barry )

**Status:** As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input 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 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	\$384,000	\$96,000	\$96,000	\$96,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Other	unknown	unknown	unknown	unknown
<b>Net Impact-General Fund Balance:</b>	\$0	\$0	\$0	\$0

**Description of fiscal impact:** SB 294 creates an “End of Watch” trust for law enforcement officers and their families if the officer is killed or catastrophically injured while in the line of duty. The trust provides a monthly income loss payment for up to five years to qualified recipients. There is no estimable funding source for the trust provided in the bill to fund the payments authorized in the bill. The Board of Investments will invest, manage, and report on the trust.

### FISCAL ANALYSIS

**Assumptions:**

**Department of Administration**

1. Law enforcement deaths in Montana are similar to national statistics, while disablement rates are based on the actuarial section of the Montana Pension Plan Financial Report as of 6/30/21. Estimated on-duty deaths per year is 0.046, and estimated on-duty catastrophic injuries per year is 0.034.
2. Health care costs for dependents of law enforcement officers will be the same as dependents for all employees covered by the State of Montana employee benefits plan.

3. The first month's premium will be paid by the state agency with subsequent months by the family.

**Department of Revenue**

4. Payments received from the Montana "End of Watch" trust are exempt from Montana's personal income tax.

**Board of Investments**

5. The Board of Investments will invest funds once there are deposits in the "End of Watch" trust fund.

6. The board's annual report, addressing all assets under management, is published December 31 of each year. The report required in Section 2(2) of SB 294 will be incorporated into that existing report.

**Department of Justice (DoJ)**

7. It is assumed that the cost of participation for the representatives of the associations would be covered by the associations.

8. The representative from the Department of Justice would require no travel or expenses on behalf of the appointee.

9. The Department of Justice would host meetings at a DOJ facility locally at no cost.

10. The Department of Justice would not provide meals or other items at a cost to the state.

11. The trust will receive gifts and contributions to support benefit payments. DOJ is unable to reasonably estimate the number of gifts or contributions to be received.

12. The legislature may provide money into the trust.

13. The revenue received is expected to be placed in a fiduciary fund with appropriation being provided in a non-budgeted category or otherwise statutorily provided. There is no reliable funding source for the benefits authorized by the bill.

14. DOJ is estimating the current eligible retroactive payments at \$384,000 ( $\$8,000 \text{ per month} \times 12 \text{ months} \times 4 \text{ years} = \$384,000$ )

15. If a member of law enforcement suffers a career ending injury or death benefits in the amount of \$8,000 per month will be provided for a 5-year period. The estimated cost of \$8,000 per month is \$96,000 per year.

16. DOJ is unable to estimate the local law enforcement deaths or disablements that may be eligible. Additional appropriations may be necessary as more requests for disbursements arise.

17. The law enforcement officer's employing agency shall pay the premium for 1 month after the catastrophic injury or death in the line of duty, after which the officer, spouse, or dependent shall pay the premium. This will not have additional fiscal impact on the employing agency as this is assumed to be a budgeted expense.

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Benefits	\$384,000	\$96,000	\$96,000	\$96,000
<b>TOTAL Expenditures</b>	<b>\$384,000</b>	<b>\$96,000</b>	<b>\$96,000</b>	<b>\$96,000</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$384,000	\$96,000	\$96,000	\$96,000
<b>TOTAL Funding of Exp.</b>	<b>\$384,000</b>	<b>\$96,000</b>	<b>\$96,000</b>	<b>\$96,000</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	unknown	unknown	unknown	unknown
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	unknown	unknown	unknown	unknown

**Technical Notes:**

1. While the bill creates a trust and allows for contributions and gifts to be deposited in the trust, there is no estimable or reliable funding source in the bill to fund the payments required by Section 2(3) of the bill.

**NO SPONSOR SIGNATURE**

2/24

Sponsor's Initials

Date



Budget Director's Initials

2-23-23

Date