EXHIBIT 4
DATE 3-24-05
HB 499

FISCAL NOTE

Bill #: HB0499 **Title:** Priority funding for roads used by coal power plants

Primary Sponsor: Small-Eastman, V. **Status:** As Introduced

Veronica Small-Eastman 2/12/05
Sponsor signature Date

David Ewer, Budget Director 2/11/05
Date

Fiscal Summary

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
General Fund	$0	$0
State Special Revenue	$500,000	$500,000
Revenue:		
General Fund	$0	$0
State Special Revenue	$0	$0
Net Impact on General Fund Balance:	$0	$0

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

Fiscal Analysis

ASSUMPTIONS:

Department of Commerce

1. HB 499 appropriates $1 million to the administratively attached Coal Board in the Department of Commerce (DOC) from the 7.75 percent coal severance tax shared state special revenue account. The bill is to evaluate the impact from coal hauling on the roads between the Absoloka mine and a future power plant northeast of Hardin Montana, including Montana secondary 384 and various state and local roads, and to complete preliminary engineering for minor rehabilitation or thin lift overlay or other strategies needed to preserve the pavement on these routes.
2. Entities currently receiving funding from the coal severance tax shared account include the administratively attached Coal Board in the Community Development Division of the DOC, the State Library, the Conservation Districts program in the Department of Natural Resources and Conservation, and the Growth Thru Agriculture program in the Department of Agriculture.
3. Any unspent or unappropriated shared account monies revert to the general fund. The available funding in the 2007 biennium has been budgeted to the entities listed in assumption 2. Any additional appropriations from this fund will cause reductions in other programs.

HB 499

4. HB 499 is unclear as to where the $1 million in funding from the shared account for the proposed activities in HB 499 is to come from. The table below attempts to address the two scenarios.

(1) Assume HB 499 reallocation to all shared account participants on percentage basis.

	Current FY 2006	Current FY 2007	2007 Biennium	% Total Revenue	HB 499
	HJR 2 Revenue Estimate				
Revenues @ 7.75%	$ 2,449,155	$ 2,500,770	$ 4,949,925	100.00%	$ -
Expenditures	**Executive Budget**				
Coal Board	$ 1,655,916	$ 88,249	$ 1,744,165	35.24%	$ (352,362)
State Library	$ 403,741	$ 403,742	$ 807,483	16.31%	$ (163,130)
Conservation Districts [1]	$ 727,563	$ 632,132	$ 1,359,695	27.47%	$ (274,690)
Growth Thru Ag [1]	$ 477,405	$ 477,252	$ 954,657	19.29%	$ (192,863)
	$ 3,264,625	$ 1,601,375	$ 4,866,000	98.30%	
Revenue above Exec. Budget Request			$ 83,925	1.70%	$ (16,955)
			$ 4,949,925	100.00%	$ (1,000,000)

(2) Assume HB 499 reallocation from Coal Board only.

	Current FY 2006	Current FY 2007	2007 Biennium	HB 499	Revised Coal Bd. 2007 Biennium
Personal Services	$ 53,356	$ 53,221	$ 106,577	$ -	$ 106,577
Operating Expenses	$ 35,483	$ 35,028	$ 70,511	$ -	$ 70,511
Grants	$ 1,567,077	$ -	$ 1,567,077	$ (1,000,000)	$ 567,077
	$ 1,655,916	$ 88,249	$ 1,744,165	$ (1,000,000)	$ 744,165

[1] As of February 8, 2005, the Natural Resource Appropriation Subcommittee has approved 3 additional decision packages above the Executive Budget that total $195,431. The table above does not reflect these additional decision packages. The account will be negative if these decision packages remain in the budget.

5. If the reduction came from a proportion of all coal shared account beneficiaries, then the following agency impacts would occur.

State Library

6. The State Library uses the coal severance tax to fund three separate projects: library federations ($128,351), library materials at the state library ($56,309), and the statewide magazine database ($219,000). All three projects are interconnected and a cut of approximately 16 percent would cripple these programs.

Department of Natural Resources

7. Reductions to conservation districts could cause local offices to close, impact 310 permits, and landowner stewardship watershed education. Also, these funds are used to match the Farm Bill federal funds causing federal funding to be decreased.

Department of Agriculture

8. The Department of Agriculture would proposed to decrease funds in the grant expenditure category for use in making investments in successful applicant's projects in the Growth Through Agriculture Program.

FISCAL IMPACT:

	FY 2006 Difference	FY 2007 Difference
Expenditures:		
Operating Expenses	$500,000	$500,000
Funding of Expenditures:		
State Special Revenue (02)	$500,000	$500,000
Revenues:		
State Special Revenue (02)	$0	$0
Net Impact to Fund Balance (Revenue minus Funding of Expenditures):		
State Special Revenue (02)	($500,000)	($500,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:
The Coal Board has awarded 19 grants to impacted areas in Montana so far in the 2005 biennium, with the average award approximately $77,950. Reprioritizing Coal Board grants funding, as proposed in HB 499 would reduce the amount of funding available for grants to other impacted communities:

- Under Option 1 or all agencies receiving the same reduction, shown in the above table, the Coal Board would fund approximately 4 to5 fewer projects.
- Under Option 2 or just the Coal Board receiving a reduction, shown on the above table, the Coal Board would fund approximately 13 fewer projects.

TECHNICAL NOTES:
HB 499 should be amended to provide clarity as to where the proposed funding comes from. Does it come directly from the Coal Board, or does it come from all participants in the coal tax shared account?

The sponsor testified to the House Appropriations Committee (7/2/2005) that the intent of the legislation to impact only the Coal Board, not the other programs funded out of the coal tax shared account.