



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	HB0331
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<b>Title:</b>	Increase appropriations to certain economic development programs
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<b>Primary Sponsor:</b>	Villa, Dan
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<b>Status:</b>	As Introduced
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|---|---|--|
| <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 checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b>Expenditures:</b>				
General Fund	\$483,000	\$483,000	\$483,000	\$6,548,000
State Special Revenue	\$0	\$0	\$0	\$3,650,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$3,650,000
<b>Net Impact-General Fund Balance:</b>	(\$483,000)	(\$483,000)	(\$483,000)	(\$6,548,000)

**Description of fiscal Impact:** This bill increases funding of certain economic development programs, which causes an increase in general fund expenditures of \$483,000 in FY 2008, FY 2009 and FY 2010. This bill changes the current statute so these programs will not be terminated in FY 2011. This results in a general fund expenditure increase in of \$6,548,000 and an increase in state special revenue of \$3,650,000.

### FISCAL ANALYSIS

**Assumptions:**

1. HB 331 increases the statutory appropriation from permanent coal trust interest by 20% for the following programs in 15-35-108, MCA:
  - cooperative development center
  - small business development center
  - small business innovative research program

- Montana manufacturing extension center
  - export trade enhancement
2. This increases general fund expenditures by \$483,000 per year and is effective FY 2008.
  3. Current statute repeals the economic development programs in this bill on June 30, 2010. HB 331 repeals the termination and keeps the 20% increase, so in FY 2011 the general fund expenditure is the total cost of the economic development programs. Total expenditures from the general fund are \$6.548 million.
  4. In 15-35-108(8)(b)(iii), MCA, \$3.650 million of the \$6.548 million is transferred to a state special revenue account for research and commercialization.
  5. In FY 2008 through FY 2010, increased expenditures are shown in operating expenses, though actual expenditures may be incurred in other categories.
  6. There are 4.00 FTE currently funded in the Department of Commerce from the economic development funds that will continue in FY 2011 with this bill. This is shown, along with expenditures for funding these personal, in the fiscal impact table in FY 2011. Other expenditures are shown in operating expenses, though expenditures may be incurred in other categories.

	<b><u>FY 2008</u></b> <b><u>Difference</u></b>	<b><u>FY 2009</u></b> <b><u>Difference</u></b>	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	4.00
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$220,000
Operating Expenses	\$483,000	\$483,000	\$483,000	\$6,328,000
Transfers	\$0	\$0	\$0	\$3,650,000
<b>TOTAL Expenditures</b>	<b><u>\$483,000</u></b>	<b><u>\$483,000</u></b>	<b><u>\$483,000</u></b>	<b><u>\$10,198,000</u></b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$483,000	\$483,000	\$483,000	\$6,548,000
State Special Revenue (02)	\$0	\$0	\$0	\$3,650,000
<b>TOTAL Funding of Exp.</b>	<b><u>\$483,000</u></b>	<b><u>\$483,000</u></b>	<b><u>\$483,000</u></b>	<b><u>\$10,198,000</u></b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$3,650,000
<b>TOTAL Revenues</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$3,650,000</u></b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$483,000)	(\$483,000)	(\$483,000)	(\$6,548,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0

**Long-Range Impacts:**

1. The general fund expenditure of \$6.5 million will continue to fund economic development programs into the future.

**Technical Notes:**

1. The economic development programs in this legislation are funded from the interest income from \$140 million of the coal severance permanent fund. If the interest rate averages 5% per year, interest earnings are \$7 million. If interest rates are lower than 5%, interest earnings may be less than the \$6.5 million expenditure.

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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*