



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2009 Biennium

<b>Bill #</b>	SB0079
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<b>Title:</b>	Change manner of funding long-range building program
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<b>Primary Sponsor:</b>	Laible, R.
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<b>Status:</b>	As Amended in Senate Committee
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|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Include in HB 2                          | <input 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</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$7,150,000	\$7,150,000	\$13,282,543	\$13,282,543
Capital Projects Fund	\$0	\$0	\$7,429,864	\$7,428,662
<b>Revenue:</b>				
General Fund	\$0	\$0	\$6,517,679	\$6,518,881
Capital Projects Fund	\$7,150,000	\$7,150,000	\$7,429,864	\$7,428,662
<b>Net Impact-General Fund Balance:</b>	<u>(\$7,150,000)</u>	<u>(\$7,150,000)</u>	<u>(\$6,764,864)</u>	<u>(\$6,763,662)</u>

### Description of fiscal Impact:

The Department of Administration (DoA) Architecture and Engineering Division would charge a rate based upon type of building and the amount of square feet of the building inventory. Current revenue sources flowing into the LRBP capital projects account, which include cigarette and coal severance tax, would be redirected back to the general fund starting in the 2011 biennium.

### FISCAL ANALYSIS

#### Assumptions:

#### Department of Administration – Architecture and Engineering

1. SB 79 is effective July 1, 2009. Therefore, maintenance rates in SB 79 will not be in effect in FY 2008 or FY 2009.
2. Values and supporting assumptions for the “Cost of Agency Surcharge” are from the September 28, 2006 Legislative Fiscal Division (LFD) report to the Legislative Finance Committee entitled “*LRBP Cash Program Funding Bill Drafts.*”
3. The above LFD report analyzed the fiscal impact of LC 0184, which has advanced as SB 79. The values for FY 2010 and FY 2011 are listed in the table on the next page.
4. SB 79 requires all rates charged for maintenance to be paid with general fund. It is not possible for state agencies to charge federal funds a portion of major building maintenance rates under A-87 Cost Principles for State, Local, and Indian Tribal Government.

**Building Maintenance Rates Charged to State Agencies and the MT University System**

<u>Agency</u>	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>Est. General Fund %</u>
Montana School of the Deaf and Blind	\$0	\$0	\$161,952	\$161,952	100%
Administration	0	0	0	0	100%
Agriculture	0	0	15,142	15,142	100%
Corrections	0	0	2,370,939	2,370,939	100%
Military Affairs	0	0	577,965	577,965	100%
Natural Resources and Conservation	0	0	113,271	113,271	100%
Public Health and Human Services	0	0	1,084,378	1,084,378	100%
Revenue	0	0	70,439	70,439	100%
Justice	0	0	84,295	84,295	100%
Montana State University	0	0	5,524,912	5,524,912	100%
University of Montana	0	0	3,944,250	3,944,250	100%
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$13,947,543</b>	<b>\$13,947,543</b>	

<b>Funding</b>					
General Fund	\$0	\$0	\$13,947,543	\$13,947,543	100%
<b>Total</b>	<b>\$0</b>	<b>\$0</b>	<b>13,947,543</b>	<b>13,947,543</b>	<b>100%</b>

5. In the long range building fund (LRBP), funds available for capital projects, after the subtraction of operational and debt obligation expenditures, are appropriated for capital projects each biennium.

Fund Transfer

6. Section 8 contains a \$7.15 million general fund transfer to the LRBP Capital Projects fund on July 1, 2007 and on July 1, 2008. This funding supports current projects in HB 5 for the 2009 biennium.

Revenue Assumptions

7. The estimated coal tax and cigarette tax revenue returned to the general fund during the 2011 biennium is from the Office of Budget and Program Planning, while the Department of Environmental Quality provided the revenue estimate for the Energy Savings Program.

<b>Current Funding Deposited in the General Fund instead of the LRBP (Capital Project Fund)</b>				
	<u>FY 2008</u>	<u>Fy 2009</u>	<u>FY 2010</u>	<u>FY 2011</u>
Cigarette Earnings	\$0	\$0	\$1,916,316	\$1,904,854
Coal Tax Earnings	\$0	\$0	\$4,481,076	\$4,543,056
<u>Energy Conservation Savings</u>	<u>\$0</u>	<u>\$0</u>	<u>\$120,287</u>	<u>\$70,971</u>
<b>Fiscal Year Totals</b>	<b>\$0</b>	<b>\$0</b>	<b>\$6,517,679</b>	<b>\$6,518,881</b>

Debt Service Obligations paid for by the General Fund

8. Architecture & Engineering will become responsible for \$1,330,000 of debt service that was paid by the general fund that was originally authorized in Chapter 486, Laws of 2001.

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b>All Agencies - New Building Maintenance Fee</b>				
<b><u>Expenditures:</u></b>				
Building Maintenance Fee	\$0	\$0	\$13,947,543	\$13,947,543
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$13,947,543	\$13,947,543
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$13,947,543</u>	<u>\$13,947,543</u>
<b>Funding of Architecture and Engineering</b>				
<b><u>Expenditures:</u></b>				
Bond Payments	\$0	\$0	\$665,000	\$665,000
Capital Construction	\$7,150,000	\$7,150,000	\$6,764,864	\$6,763,662
<b>TOTAL Expenditures</b>	<u>\$7,150,000</u>	<u>\$7,150,000</u>	<u>\$7,429,864</u>	<u>\$7,428,662</u>
<b><u>Funding of Expenditures:</u></b>				
Capital Projects (05) HB 5	\$7,150,000	\$7,150,000	\$7,429,864	\$7,428,662
<b>TOTAL Funding of Exp.</b>	<u>\$7,150,000</u>	<u>\$7,150,000</u>	<u>\$7,429,864</u>	<u>\$7,428,662</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$6,517,679	\$6,518,881
Capital Projects (05) HB 5	\$7,150,000	\$7,150,000	\$7,429,864	\$7,428,662
<b>TOTAL Revenues</b>	<u>\$7,150,000</u>	<u>\$7,150,000</u>	<u>\$13,947,543</u>	<u>\$13,947,543</u>
<b>Administrative Financial Services Division</b>				
<b><u>Expenditures:</u></b>				
Bond Payments	\$0	\$0	(\$665,000)	(\$665,000)
Transfers	\$7,150,000	\$7,150,000		
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$7,150,000	\$7,150,000	(\$665,000)	(\$665,000)
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$7,150,000)	(\$7,150,000)	(\$6,764,864)	(\$6,763,662)
Capital Projects (05)	\$0	\$0	\$0	\$0

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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