



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2015 Biennium

**Bill #** HB0636

**Title:** Implement tribal water compact

**Primary Sponsor:** Salomon, Daniel R

**Status:** As Introduced

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" 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 checked="" type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2013</u> <u>Difference</u>	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b>Expenditures:</b>					
General Fund	\$12,000,000	\$49,000	\$16,000	\$0	\$0
State Special Revenue	\$0	\$11,050,000	\$1,000,000	\$0	\$0
<b>Revenue:</b>					
General Fund	\$0	\$0	\$0	\$0	\$0
State Special Revenue	\$12,000,000	\$50,000	\$0	\$0	\$0
<b>Net Impact-General Fund Balance</b>	<u>(\$12,000,000)</u>	<u>(\$49,000)</u>	<u>(\$16,000)</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 636 transfers \$12 million to the Department of Natural Resources and Conservation (DNRC) from the general fund to the Confederated Salish and Kootenai Tribes (CSKT) water rights compact implementation account, which includes: \$8 million for enhancement of aquatic and terrestrial habitat and costs related to water resources on the Flathead Indian Reservation; \$2 million for water measurement on the Flathead Indian Irrigation Project (FIIP); \$2 million in grants for on-farm efficiency improvements on the FIIP. HB 636 also appropriates \$25,000 from the general fund to DNRC in order to ensure interoperability of the water rights database and \$40,000 to the legislative branch to fund the review of HB 629 by Water Policy Interim Committee (WPIC).

### FISCAL ANALYSIS

**Assumptions:**

**Department of Natural Resources and Conservation (DNRC)**

- Section 7 of the bill includes \$12 million to be transferred from the general fund to the CSKT water rights compact implementation account upon passage and approval of HB 636 in FY 2013 to be used for the following:

- a. \$8 million for the enhancement of aquatic and terrestrial habitat and costs related to water resources on the Flathead Indian Reservation; and
  - b. \$2 million for water measurement of streams and primary canals of the Flathead Indian Irrigation Project; and
  - c. \$2 million in grants to the legal entity that operates the Flathead Indian Irrigation Project.
2. Section 3 of the bill creates the Flathead Indian Reservation database interoperability account and states that the funds in the account may only be expended when the balance reaches at least \$50,000. However, the bill does not provide an appropriation from the fund.
  3. Section 8 of HB 636 provides a \$25,000 general fund appropriation to the DNRC for the 2015 biennium to ensure interoperability of the Flathead Indian Reservation water database. Section 3 (3) of the bill states that the general fund appropriation must be deposited in the account in Assumption 2.
  4. For purposes of this fiscal note, it is assumed that CSKT will provide \$25,000 for the account in Assumption 2 so that the balance (when combined with the general fund transfer from Assumption 3) will reach \$50,000. If these funds are not received, no funds from the account will be expended.
  5. It is assumed that the \$50,000 would be expended in FY 2014 to ensure the interoperability of the water rights database maintained by the DNRC and a database created for water rights within the Flathead Indian Reservation.

**Legislative Branch (LEG)**

6. Section 4, subsection 5, of HB 636 requires that the Water Policy Interim Committee hold at least three meetings outside of Helena in communities affected by the compact to provide information about the compact.
7. It is assumed that, in order to complete the duties required in section 4 of the bill, the committee will hold four two-day meetings outside of Helena, as well as one one-day meeting in Helena. It is also anticipated that these additional duties will also require contracted secretarial support.
8. It is estimated that the \$40,000 general fund appropriation will be expended as follows: \$12,869 in personal services and \$27,131 in operating expenses for the biennium (broken out by fiscal year below).
9. HB 636 is one of several bills seeking to add to the duties of legislative staff supporting interim committees. These additional responsibilities will impact staff's ability to complete statutory duties, including other interim studies.

**Secretary of State**

10. This bill will have minimal cost for postage and administrative duties related to tribal notifications in Section 9 of the bill. The Office of the Secretary of State does not receive general fund monies for office operations, but has agreed to assume the fiscal responsibility for this bill.

	<u>FY 2013</u> <u>Difference</u>	<u>FY 2014</u> <u>Difference</u>	<u>FY 2015</u> <u>Difference</u>	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>					
<b><u>Expenditures:</u></b>					
Personal Services (LEG)		\$7,721	\$5,148		
Operating Exp (DNRC)	\$0	\$10,050,000	\$0	\$0	\$0
Operating Exp (LEG)	\$0	\$16,279	\$10,852	\$0	\$0
Grants (DNRC)	\$0	\$1,000,000	\$1,000,000	\$0	\$0
Transfers	\$12,000,000	\$25,000	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$12,000,000</b>	<b>\$11,099,000</b>	<b>\$1,016,000</b>	<b>\$0</b>	<b>\$0</b>

<b><u>Funding of Expenditures:</u></b>					
General Fund (01)	\$12,000,000	\$49,000	\$16,000	\$0	\$0
CSKT Implementation (02)	\$0	\$11,000,000	\$1,000,000	\$0	\$0
Flathead Interoperability (02)	\$0	\$50,000	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$12,000,000</b>	<b>\$11,099,000</b>	<b>\$1,016,000</b>	<b>\$0</b>	<b>\$0</b>

<b><u>Revenues:</u></b>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
CSKT Implementation (02)	\$12,000,000	\$0	\$0	\$0	\$0
Flathead Interoperability (02)	\$0	\$50,000	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$12,000,000</b>	<b>\$50,000</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)	(\$12,000,000)	(\$49,000)	(\$16,000)	\$0	\$0
CSKT Implementation (02)	\$12,000,000	(\$11,000,000)	(\$1,000,000)	\$0	\$0
Flathead Interoperability (02)	\$0	\$0	\$0	\$0	\$0

**Effect on County or Other Local Revenues or Expenditures:**

1. Improvements to irrigation efficiency have long term beneficial impacts to local and regional agricultural and construction economy.

**Technical Notes:**

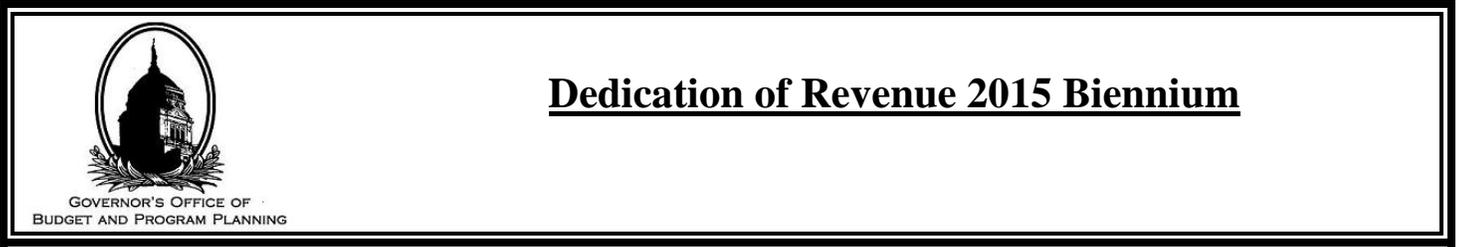
1. If the CSKT– State of Montana compact were not implemented, the DNRC may need to examine an additional 15,000 water right claims which would take 1.5 years to complete at a cost of \$2,152,532 in the 2017 biennium.

\_\_\_\_\_  
*Sponsor's Initials*

\_\_\_\_\_  
*Date*

\_\_\_\_\_  
*Budget Director's Initials*

\_\_\_\_\_  
*Date*

**17-1-507-509, MCA.**

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay?** Yes. This bill pertains to the Confederated Salish and Kootenai Tribes (CSKT) water compacts and the fiscal responsibility assumed by the State of Montana in order to execute the agreements. The regions surrounding the specific geographic areas will benefit from water related projects.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?** The funds are transferred from the general fund to the CSKT implementation account and can be separately tracked to ensure funds are being expended as intended by the legislation.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)** Yes
- d) **Does the need for this state special revenue provision still exist?**  Yes  No
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending?**  
No. The revenue is directed specifically at a water related compact project.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need?**  
Yes. The revenue will be used to finalize water rights for the CSKT.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency?** The project is very specific in nature, very large in scale. Fund balance, expenditures and project progress are directly linked. The project must be completed within the financial parameters established.



## Dedication of Revenue 2015 Biennium

### 17-1-507-509, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay?** Section 3 of the bill establishes a Flathead Indian Reservation database interoperability account. The regions surrounding the specific geographic areas will benefit from water related projects.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?** The bill establishes the database interoperability account and states that money received in the form of gifts, grants, reimbursements, allocations from any source, and interest earned may be deposited in the account. This will allow the department to receive and utilize gifts and grants for this purpose.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)** Yes.
- d) **Does the need for this state special revenue provision still exist?**  Yes  No
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending?**  
No.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need?**  
Yes. The revenue will be used to ensure interoperability of the water right database.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency?** The project is very specific in nature, very large in scale. Fund balance, expenditures and project progress are directly linked. The project must be completed within the financial parameters established.