



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill # HB0005

Title: Provide for infrastructure development

Primary Sponsor: Welborn, Jeffrey W

Status: As Introduced

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

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$7,700,000	\$15,399,000	\$13,899,000	\$13,899,000
State Special Revenue	\$49,408,874	\$46,024,705	\$0	\$0
Federal Special Revenue	\$8,900,000	\$4,450,000	\$0	\$0
SSR Bond Proceeds	\$13,301,187	\$13,301,187		
GO Bond Proceeds	\$53,529,423	\$77,955,831	\$31,107,500	\$23,000,000
Other	\$64,200,000	\$6,000,000	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$49,408,874	\$46,024,705	\$0	\$0
Federal Special Revenue	\$8,900,000	\$4,450,000	\$0	\$0
SSR Bond Proceeds	\$13,301,187	\$13,301,187		
GO Bond Proceeds	\$53,529,423	\$77,955,831	\$31,107,500	\$23,000,000
Other	\$64,200,000	\$6,000,000	\$0	\$0
Net Impact-General Fund Balance:	<u>(\$7,700,000)</u>	<u>(\$15,399,000)</u>	<u>(\$13,899,000)</u>	<u>(\$13,899,000)</u>

Description of fiscal impact: HB 5 authorizes capital projects totaling \$391.2 million, of which \$185.6 million are funded from general obligation (GO) bonds, \$26.6 million are state special revenue bonds, and \$179.0 are cash and cash authority. Bond issuance costs for GO bonds will be \$750,000 in FY 2016 and \$1,500,000 in FY 2017 and will be funded from the general fund. General fund debt service payments are estimated to be \$6.950 million in FY 2016 and \$13.899 in subsequent fiscal years.

Table F-1						
Build Montana Program						
	LRBP	SSR	GO Bonds	SSR Bonds	FSR	Authority
LRBP	15,806,500	33,651,000	103,080,000	-	13,350,000	70,200,000
RRGL	-	7,472,615	6,311,134	-	-	
RDGP	-	6,295,215	1,707,694		-	
Loans	-	-	-	26,602,374	-	-
TSEP	-	16,787,510	10,407,568		-	
Regional Water	-	3,259,761	-		-	
Quality Schools	-	12,160,979	19,086,359		-	
Eastern MT	-	-	45,000,000		-	
Total	15,806,500	79,627,079	185,592,754	26,602,374	13,350,000	70,200,000
State Funding	307,628,707					

FISCAL ANALYSIS

Assumptions:

1. All of the GO bonds will be issued for a 20 year term assuming a 4.2% average interest rate.
2. Bonds will be issued in FY 2016 and FY 2017.
3. Bond issuance costs would be \$750,000 for FY 2016 and \$1,500,000 in FY 2017.
4. GO debt service will be paid from the general fund. Debt service payments will be \$6.950 million in FY 2016 and \$13.899 million in FY 2017.
5. Each program listed in the bill will manage projects listed in the bill with existing staff and resources. Programs included in administration of the bonding and cash investments, and their respective programs include:
 - a. Department of Administration (DoA)
 - i. Long Range Building Program
 - b. Department of Natural Resources and Conservation
 - i. Renewable Resources Grant Program (RRG)
 - ii. Reclamation Development Grant Program (RDGP)
 - iii. Renewable Resources Loan Program (RRL)
 - iv. Regional Water
 - c. Department of Commerce
 - i. Treasure State Endowment Program(TSEP)
 - ii. Quality School Program (QS)
 - iii. Eastern Montana Program

See Volumes 3, 4, 5, 6, and 8 of the Executive budget submission for detail on specific projects included by program.

6. All projects will conform to each programs rules and codes. No project will start, nor will cash or bond proceeds be distributed until these requirements have been met.

<u>Fiscal Impact:</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<u>Expenditures:</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
LRBP	\$110,164,000	\$71,816,000	\$31,107,500	\$23,000,000
RRG	\$6,891,874	\$6,891,874	\$0	\$0
RDGP	\$4,001,454	\$4,001,454	\$0	\$0
RRL	\$13,301,187	\$13,301,187	\$0	\$0
TSEP	\$13,597,539	\$13,597,539	\$0	\$0
Regional Water	\$3,259,761	\$0	\$0	\$0
QS	\$15,623,669	\$15,623,669	\$0	\$0
Eastern MT	\$22,500,000	\$22,500,000	\$0	\$0
Debt service	\$6,950,000	\$13,899,000	\$13,899,000	\$13,899,000
Issuance Costs	\$750,000	\$1,500,000		
TOTAL Expenditures	\$197,039,484	\$163,130,723	\$45,006,500	\$36,899,000

<u>Funding of Expenditures:</u>				
General Fund (01)	\$7,700,000	\$15,399,000	\$13,899,000	\$13,899,000
State Special Revenue (02)	\$49,408,874	\$46,024,705	\$0	\$0
Federal Special Revenue (03)	\$8,900,000	\$4,450,000	\$0	\$0
SSR Bonds	\$13,301,187	\$13,301,187	\$0	\$0
GO Bonds	\$53,529,423	\$77,955,831	\$31,107,500	\$23,000,000
Other	\$64,200,000	\$6,000,000	\$0	\$0
TOTAL Funding of Exp.	\$197,039,484	\$163,130,723	\$45,006,500	\$36,899,000

<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$49,408,874	\$46,024,705	\$0	\$0
Federal Special Revenue (03)	\$8,900,000	\$4,450,000	\$0	\$0
SSR Bond Proceeds	\$13,301,187	\$13,301,187	\$0	\$0
GO Bond Proceeds	\$53,529,423	\$77,955,831	\$31,107,500	\$23,000,000
Other	\$64,200,000	\$6,000,000	\$0	\$0
TOTAL Revenues	\$189,339,484	\$147,731,723	\$31,107,500	\$23,000,000

<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$7,700,000)	(\$15,399,000)	(\$13,899,000)	(\$13,899,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
SSR Bonds	\$0	\$0	\$0	\$0
GO Bonds	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0

Long-Term Impacts:

1. Estimates of future state operations and maintenance costs are dependent upon actual completion dates of projects. Those projects with new or renovated square footage, along with their estimated completion dates are outlined below:

2017 Biennium								
Long-Range Planning Future Operations and Maintenance Recommendations								
Project	City	Occup Date	Future O&M Costs			State's Responsibility O&M Costs		
			2017 Bien	2019 Bien	2021 Bien	2017 Bien	2019 Bien	2021 Bien
First Step - Mental Health new/renovate	DeerLodge, Lewistown, SW planning	Jul-16	\$787,265	\$1,598,148	\$1,622,120	\$787,265	\$1,598,148	\$1,622,120
			1 year					
Montana Heritage Center new/renovation	Helena	Jul-18		\$656,073	\$1,498,171	\$0	\$656,073	\$1,498,171
Romney Hall- MSU Renovate	Bozeman	Jul-17		\$609,231	\$618,370	\$0	\$609,231	\$618,370
Clapp Science Building -UM Renovation	Missoula		\$0	\$0	\$0	\$0	\$0	\$0
MT AG Experiment Station Projects Phase 1	SW	Sep-17		\$ 58,118	\$ 64,352	\$0	\$46,494	\$51,482
				22 months				
Library - MSU Billings Renovation	Billings	Oct-17		\$112,259	\$130,220	\$0	\$101,033	\$117,198
				21 months				
Engineering Facilities -Tech Renovate	Butte							
Norm Asbjornson Innovation Center new	Bozeman	Aug-18			\$1,461,323			\$1,315,190
					11 months			
Bitterroot College	Missoula	Jul-18		\$172,290	\$349,749		\$172,290	\$349,749
				1year				
Total			\$787,265	\$3,206,119	\$5,744,305	\$787,265	\$3,183,270	\$5,572,280

* Inflation rate to increase per bienium is 1.5%

** PS for the First Step is included in HB 2

Technical Notes:

1. Bonds will be sold and the proceeds will be used as projects need them. The process allows these programs to accrue and use past the 2017 biennium.
2. State special revenue will be realized throughout the biennium and will be expended as available to minimize interest and construction costs, and maximize project efficiencies.

Sponsor's Initials

Date

Budget Director's Initials

Date