



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	HB0593	Title:	Establish the Montana unmanned aerial vehicle act
Primary Sponsor:	Essmann, Jeff	Status:	As Introduced

- | | | |
|---|--|---|
| <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 type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016</u> <u>Difference</u>	<u>FY 2017</u> <u>Difference</u>	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$180,750	\$12,250	\$12,250	\$12,250
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$245,000	\$245,000	\$245,000	\$245,000
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 593 establishes the Montana Unmanned Aerial Vehicle Act, requiring operators of certain unmanned aircraft to be licensed by the Montana Department of Transportation (MDT). The bill defines prohibited activity and establishes penalties for violations.

FISCAL ANALYSIS

Assumptions:

Montana Department of Transportation (MDT)

- Section 3 of the bill requires MDT to develop and administer a program to license personal operators of unmanned aerial vehicle systems. The program must include a knowledge test, classification system, fees, application process, technical guidance, suspension and revocation criteria, data use requirements, and identification systems. A minimum of 90 days will be required to complete the rule-making process. The Montana Administrative Procedures Act (MAPA) rule-making process has built-in timelines, including notice and conduct of a public hearing, together with a small business impact analysis.
- Section 3 of the bill also requires MDT to develop a fee structure for licenses. An annual fee for licensing of operators of \$10 is assumed.
- Section 4 of the bill requires MDT to register the vehicles as a separate function from the licensure of the operators. As noted above, program development will take time and once developed, a minimum of 90 days

will be required to complete the rule-making process and follow the steps outlined in 1 (above). This section is effective July 1, 2015. It is unlikely the program development and rulemaking will be accomplished by July 1, 2015. An annual registration fee of \$20 for personal use unmanned aerial vehicle systems and \$200 for commercial and public use unmanned aerial vehicle systems is assumed.

4. Section 10 creates a state special revenue fund for managing the registration and licensure of noncommercial unmanned aerial vehicle and noncommercial operators. The money in the account is statutorily appropriated to the Aeronautics Division of the Department of Transportation for purposes provided in sections 1 through 10 of the bill.
5. It is estimated that there would be an average of 1,500 personal use operator registrations. If the fee were set at \$10 (assumption 2), revenue generated would be \$15,000 annually.
6. It is assumed that there would be an average of 2,500 vehicles (1,000 commercial use and 1,500 personal use) per year in Montana. If fees were set in accordance with assumption 4, revenue generated would be \$230,000 annually
7. The estimated one-time cost to MDOT for development of programs, requirements, training and rulemaking is \$180,750.
8. The annual estimated cost to MDOT for maintenance and administration is \$11,750.
9. The annual estimated cost to MDOT Aeronautics for supplies and materials is \$500.
10. It is assumed that the implementation time would be one year for program development and rulemaking.
11. 17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines.

	<u>YES</u>	<u>NO</u>
a. The money is from a continuing, reliable, and estimable source.	X	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	X	
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or effective.	X	
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.	X	

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$180,750	\$12,250	\$12,250	\$12,250
TOTAL Expenditures	\$180,750	\$12,250	\$12,250	\$12,250
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$180,750	\$12,250	\$12,250	\$12,250
TOTAL Funding of Exp.	\$180,750	\$12,250	\$12,250	\$12,250
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$245,000	\$245,000	\$245,000	\$245,000
TOTAL Revenues	\$245,000	\$245,000	\$245,000	\$245,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$64,250	\$232,750	\$232,750	\$232,750

Long-Term Impacts:

- MDOT use of unmanned aerial vehicles for survey and other data collection is not included in Section 6, which defines the appropriate uses of unmanned aerial vehicles. This is read that MDOT would not be able to collect data via unmanned aerial vehicles, even if such use is more cost effective than current or alternative practices.

Technical Notes:

- This bill would not allow MDOT to collect LiDAR data via unmanned aerial vehicles at night (Section 5. (1)(b)). LiDAR can extend the data collection window as data can be gathered at night, allowing more data to be collected more efficiently.
- Section 5 (4)(b) would prohibit MDOT from "disclosing, displaying, or distributing" images to a third party. This provision could result in loss of federal funding and could conflict with the results of LC2057 if a consortium for sharing data is recommended.
- Section 6 of the bill the sets appropriate uses of unmanned aerial vehicles does not allow MDT use of aerial unmanned vehicles.
- Section 3 of the bill is effective July 1, 2016. The requirements within Section 4 are contingent upon the finalization of activities described in Section 3, however Section 4 is effective July 1, 2015.

Sponsor's Initials

Date

Budget Director's Initials

Date