



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2019 Biennium

**Bill #** SB0363

**Title:** Generally revise aquatic invasive species

**Primary Sponsor:** Vincent, Chas

**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 2018 Difference</u>	<u>FY 2019 Difference</u>	<u>FY 2020 Difference</u>	<u>FY 2021 Difference</u>
<b>Expenditures:</b>				
General Fund	\$6,080	\$86,777	\$70,788	\$71,851
State Special Revenue	\$6,083,871	\$5,802,989	\$5,889,526	\$5,977,361
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue - Decals	\$2,062,500	\$2,062,500	\$2,062,500	\$2,062,500
State Special Revenue - Ag/Hydro	\$3,411,494	\$3,698,319	\$3,698,319	\$3,698,319
<b>Net Impact-General Fund Balance:</b>	<u>(\$6,080)</u>	<u>(\$86,777)</u>	<u>(\$70,788)</u>	<u>(\$71,851)</u>

**Description of fiscal impact:** SB 363 provides revenue sources to prevent and control aquatic invasive species (AIS). The bill establishes a nonresident AIS decal, a fee for boat validation decals, a hydroelectric fee, and an irrigated farmland fee. SB 363 creates a new electrical energy fee on hydroelectric facilities in the state, as well as a \$25 irrigated farmland fee. The proposed bill will increase state special revenue by \$3,411,494 in FY 2018, which increases to \$3,698,319 for fiscal years 2019, 2020 and 2021. The Department of Natural Resources & Conservation (DNRC) Toston Dam, the "nameplate capacity" is 10 MW over the course of an hour. This would indicate that the fee for the Toston Dam would be based upon 84,621,600 KWH. As the Toston Dam is a state-owned facility, the fee assessed in the bill would result in an interagency transfer to the Montana Department of Fish, Wildlife and Parks.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Fish, Wildlife, and Parks (FWP)**

1. SB 363 requires the purchase of a \$50 AIS boat decal for all motorboats and sailboats owned by nonresidents that are operated on waters in the state. Approximately 6,750 nonresident owned motorboats and sailboats

entered Montana in 2016 based on the number that passed through inspection stations in 2016. Revenue from the sale of the decal is estimated at \$337,500 annually.

2. SB 363 requires the purchase of a \$25 annual AIS validation decal for motorboats and sailboats. There are approximately 69,000 motorboats and sailboats registered in Montana. Revenue from the sale of the decal is estimated to be \$1,725,000 annually.
3. Total estimated revenue from decal sales is \$2,062,500 per year that will be deposited in the AIS account.

Expenditures

4. Staff and operations for the prevention and control of AIS.
  - a. AIS Bureau Chief - \$120,982
  - b. Inspection Station Managers - \$342,172
  - c. Wardens - \$358,658
  - d. Education/Outreach - \$81,491
  - e. Lab Technician - \$72,352
  - f. Administrative Support AIS Bureau - \$71,886
  - g. Budget Analyst - \$35,412
  - h. HR Support - \$31,255
  - i. Operation of inspection and decontamination stations - \$4,816,614
  - j. Annual printing of decals \$19,200. (\$.16 x 120,000 decals)
  - k. Outreach through billboards, paid advertising and media \$100,000

**Department of Revenue (DoR)**

5. SB 363 creates a new electrical energy fee on hydroelectric facilities in the state as well as an irrigated farmland fee, with the revenue from fees being deposited into the state's invasive species special revenue fund created in 80-7-1004, MCA.
6. Under current law, hydroelectric facilities in the state that generate electricity are required to pay a license tax of \$0.0002 per kilowatt hour of electrical energy generated, manufactured or produced in the state for sale or exchange.
7. SB 363 creates a new electrical energy fee on hydroelectric facilities in the state, if the facility has a nameplate capacity of more than 1.5 megawatts. The fee is set to \$0.0004 per kilowatt hour of the facility's nameplate capacity.
8. Per the Department of Natural Resources and Conservation, there are 11 hydroelectric facilities in the state with at least 1.5 megawatts of nameplate capacity in the state. The 11 facilities have a combined Federal Energy Regulatory Commission nameplate capacity of approximately 973.6 megawatts.
9. Assuming the 11 facilities operated 365 days each year, and 24 hours each day, the 973.6 megawatts would generate approximately 8,528,736,000 ( $973.6 * 365 * 24 * 1,000$ ) kilowatt hours of electricity each year.
10. With a fee rate of \$0.0004 per kilowatt hour, the 8,528,736,000 kilowatt hours of nameplate electricity by the 11 facilities would generate approximately \$3,411,494 in fee revenue each fiscal year.
11. It is assumed that the amount of hydroelectric nameplate capacity subject to the fee remains unchanged in future years.
12. SB 363 also creates an invasive species fee of \$25, which is applied to irrigated farmland in the state.
13. Based on property tax records, the Department of Revenue estimates there are 11,473 irrigated farmland properties that would be subject to the \$25 invasive species fee.
14. With 11,473 qualified properties, and an annual fee of \$25, the proposed fee will generate \$286,825 in revenue each fiscal year.
15. The hydroelectric facility fee applies to quarterly periods beginning July 1, 2017, while the irrigated land fee applies to tax years after December 31, 2017.
16. SB 363 will increase state special revenue by \$3,441,494 in FY 2018 and \$3,698,319 in fiscal years 2019, 2020 and 2021.
17. The Department of Revenue will need to hire one additional FTE to review the owners of irrigated farmland because of SB 363. The cost of the additional FTE in FY 2019 will increase department expenditures by

\$86,777 in FY 2019, which decreases to \$71,851 in FY 2021. The department’s integrated tax systems will need to be updated to accommodate the new fee. The update to the tax systems will cost \$5,080 in FY 2018. The department’s forms would also need to be updated to accommodate the new fee, at a cost of \$1,000 in FY 2018.

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

- 18. The fee charged is based solely upon the “nameplate capacity” authorized by the Federal Energy Regulatory Commission (FERC).
- 19. The fee would be paid from 02470 State Water Projects Hydroelectric Earnings state special revenue fund.
- 20. The estimated fee paid is \$33,849 per year.

	<u>FY 2018</u> <u>Difference</u>	<u>FY 2019</u> <u>Difference</u>	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
FTE - DoR	0.00	1.00	1.00	1.00
FTE - FWP	14.00	14.00	14.00	14.00
<b><u>Expenditures:</u></b>				
Personal Services - FWP	\$4,721,925	\$4,792,754	\$4,864,645	\$4,937,615
Personal Services - DoR	\$0	\$62,490	\$63,428	\$64,380
Operating Expenses - DoR	\$1,000	\$21,077	\$7,360	\$7,471
Operating Expenses - FWP	\$1,033,097	\$976,386	\$991,032	\$1,005,898
Transfer - DNRC to FWP	\$33,849	\$33,849	\$33,849	\$33,849
Equipment - DoR	\$5,080	\$3,210	\$0	\$0
Equipment - FWP	\$295,000	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$6,089,951</u>	<u>\$5,889,766</u>	<u>\$5,960,314</u>	<u>\$6,049,212</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$6,080	\$86,777	\$70,788	\$71,851
State Special Revenue - DNRC	\$33,849	\$33,849	\$33,849	\$33,849
State Special Revenue - FWP	\$6,050,022	\$5,769,140	\$5,855,677	\$5,943,512
<b>TOTAL Funding of Exp.</b>	<u>\$6,089,951</u>	<u>\$5,889,766</u>	<u>\$5,960,314</u>	<u>\$6,049,212</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue - decals	\$2,062,500	\$2,062,500	\$2,062,500	\$2,062,500
State Special Revenue - ag/hydro	\$3,411,494	\$3,698,319	\$3,698,319	\$3,698,319
<b>TOTAL Revenues</b>	<u>\$5,473,994</u>	<u>\$5,760,819</u>	<u>\$5,760,819</u>	<u>\$5,760,819</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$6,080)	(\$86,777)	(\$70,788)	(\$71,851)
State Special Revenue	(\$609,877)	(\$42,170)	(\$128,707)	(\$216,542)

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*Sponsor's Initials*

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*Budget Director's Initials*

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