



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2021 Biennium

Bill # HB0411

Title: Revise laws related to AIS expenditures and funding

Primary Sponsor: Curdy, Willis

Status: As Amended in Senate Committee

- 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 2020 Difference</u>	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>
Expenditures:				
General Fund - DoJ	\$960	\$0	\$0	\$0
State Special Revenue	\$5,108,254	\$4,784,810	\$4,769,466	\$4,755,522
Federal Special Revenue	\$2,237,893	\$1,400,000	\$1,400,000	\$1,400,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$5,811,985	\$5,198,544	\$5,198,544	\$5,198,544
Federal Special Revenue	\$2,237,893	\$1,400,000	\$1,400,000	\$1,400,000
Net Impact-General Fund Balance:	<u>(\$960)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 411 requires the purchase of an aquatic invasive species prevention pass (AIS) for vessels, exempts persons age 15 and under from the AIS prevention pass when applying for a fishing license or combination license that includes a fishing license and reduces the nonresident AIS prevention pass for anglers. HB 411 decreases fees for hydroelectric facilities and reallocates lodging tax revenue to the invasive species account.

FISCAL ANALYSIS

Assumptions:

Department of Fish, Wildlife, and Parks (FWP)

1. HB 411 creates an aquatic invasive species (AIS) prevention pass for nonresident vessels that must be purchased annually order to be launched on the waters of Montana.
 - a. The cost of the pass for a non-motorized vessel is \$10. It is estimated there will be 11,000 non-motorized vessels entering Montana in FY 2020 and FY 2021. This will generate revenue of \$110,000.

- b. The cost of the pass for a motorized vessel is \$30. It is estimated that there will be 6,400 motorized vessels entering Montana in FY 2020 and FY 2021. This will generate revenue of \$192,000.
2. Effective January 1, 2020, this bill will require a portion of the one-time registration fee as listed in Section 2(10)(a), to be deposited in the invasive species account as follows:
 - a. Resident less than 16' - \$35
 - b. Resident 16' – 19' - \$50
 - c. Resident 19' and up - \$75
3. It is estimated that there will be 1,812 less than 16' boat registrations in FY 2020 and 2,400 in FY 2021. This will generate revenue of \$63,420 in FY 2020 and \$84,000 in FY 2021.
4. It is estimated that there will be 1,803 new or transferred resident 16' – 19' boat registrations in FY 2020 and 2,472 in FY 2021. This will generate revenue of \$90,150 in FY 2020 and \$123,600 in FY 2021.
5. It is estimated that there will be 1,734 new or transferred resident 19' and Over boat registrations in FY 2020 and 2,547 in FY 2021. This will generate revenue of \$130,050 in FY 2020 and \$191,025 in FY 2021.
6. The total revenue generated by the AIS prevention pass on vessels and fee for registration of motorized vessels is \$585,620 in FY 2020 and \$700,625 in FY 2021.
7. Effective March 1, 2020, this bill removes the sunset making permanent the requirement for an AIS prevention pass for resident anglers at \$2 and nonresident at \$7.50 for persons 16 years of age or older.
8. Based on fiscal year 2018 license sales, it is estimated that 243,017 resident fishing licenses or combination licenses will be sold in FY 2020 and 239,585, excluding persons 15 and under, in FY 2021. This will generate \$486,034 in revenue in FY 2020 and \$479,170 in FY2021.
9. It is estimated that 194,657 nonresident, fishing or combination licenses will be sold in FY 2020.
 - a. Of the 194,657 licenses sold, it is estimated that 97,329 will be sold between July 2019 and February 2020, under existing law, at \$15. This will generate revenue of \$1,459,935 in FY 2020.
 - b. Of the 199,487 licenses sold, it is estimated that 97,328 will be sold between March 2020 and June 2020 at \$7.50. This will generate revenue of \$729,960 in FY 2020.
10. It is estimated that 195,775 nonresident, fishing or combination licenses, excluding persons 15 and under, will be sold in FY 2021. This will generate revenue of \$1,468,313.
11. The total revenue generated by the AIS prevention pass purchased annually when applying for a fishing license or a combination license is \$2,675,929 in FY 2020 and \$1,947,483 FY 2021.
12. This bill appropriates, as part of the ongoing base, for the prevention and control of AIS as follows:
 - a. \$2,467,042 in FY 2020 and \$2,313,785 in FY 2021 from the invasive species account
 - b. \$2,467,041 in FY 2020 and \$2,313,784 from the state special revenue fund
 - c. \$1,400,000 in FY 2020 and FY 2021 from the federal special revenue fund
13. For the biennium beginning July 1, 2019, this bill will appropriate \$837,893 from the federal special revenue fund for improvements and operations at Tiber reservoir and Canyon Ferry reservoir related to the prevention and control of AIS.
14. Staff and operations for the prevention and control of AIS:
 - a. Watercraft Inspection Stations (44.27 FTE) - \$3,169,435
 - b. Watercraft Inspection Station Area Managers (5.0 FTE) - \$326,933
 - c. AIS Monitoring (4.38 FTE) - \$312,069
 - d. AIS Enforcement Wardens – (4.0 FTE) - \$340,425
 - e. AIS Education & Outreach (1.0 FTE) - \$272,633
 - f. AIS Management and Program Support (3.0 FTE) - \$237,588
 - g. OTO operations and equipment - \$275,000
 - h. Biennial appropriation for improvements and operations at Tiber reservoir and Canyon Ferry reservoir - \$837,893

Department of Natural Resources and Conservation (DNRC)

15. DNRC is appropriated \$650,000 for FY 2020 and \$650,000 for FY 2021. This amount will continue in the base.

16. The DNRC appropriation will be used to: staff 2.00 FTE and grant funding per 80-7-1018, MCA, for the DNRC work to be completed, and provide council and commission operation expenses.
17. The funding provides for education, training, monitoring, and outreach to prevent the growth of aquatic invasive species in the state of Montana.
18. The electrical energy fee on hydroelectric facilities assessed in the bill would result in an inter-agency transfer from the DNRC to the DOR (\$10,998 per year).

Department of Justice (DoJ)

19. The department will require 8 hours of programming to the MERLIN system at a rate of \$120/hour (\$960).

Department of Commerce (DOC)

20. The total amount of lodging facility use tax revenues are sourced from the revenue estimate in HJ 2. These tax revenues are expected to increase over time, from \$35.173 million in FY 2020 to \$38.475 million in FY 2023. Of the total funds collected, funds for expenditures made by state agencies for in-state lodging and \$400,000 are dispersed. The remaining funds are dispersed according to percentages.
21. HB 411, as amended, allocated 1.4% of these tax revenues to the aquatic invasive species fund.
22. The amount of money attributable to this 1.4% of revenue is \$486,827 $(\$35.173 \text{ million} - \$400,000) * 1.4\%$ in FY 2020, \$503,757 in FY 2021, \$519,101 million in FY 2022, and \$533,045 in FY 2023.
23. As amended, the amount of funds received by the Department of Commerce would be reduced by a like amount.
24. Programmatically, due to the reduction of funds the Department of Commerce receives, the following programs would be eliminated or reduced: Tourism Emergency Marketing Grants, Montana Disaster Recovery Small Business Grants, and Destination Development Grants.

Department of Revenue

25. HB 411 removes the sunset on the large hydroelectric facility nameplate capacity fee which was set to expire at the end of FY 2019.
26. The new fee structure on hydroelectric facilities of HB 411, as amended, provides a tiered fee structure based on nameplate capacity.
27. Facilities with nameplate capacity greater than 1.5 MW but less than 25 MW pay a base quarterly fee of \$274.95 per MW. Facilities with nameplate capacity between 25 MW and 100 MW pay twice this amount (\$549.90) per MW. Facilities with nameplate capacity greater than 100 MW pay three times this base amount (\$824.85) per MW.
28. Total yearly revenues from the hydroelectric facility nameplate capacity fee is \$2.550 million.
29. Costs associated with changes to forms and distributions are minimal and can be absorbed by the department

	<u>FY 2020</u> <u>Difference</u>	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE - FWP	61.56	61.56	61.56	61.56
FTE - DNRC	2.00	2.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services - FWP	\$3,284,333	\$3,252,819	\$3,252,819	\$3,252,819
Personal Services - DNRC	\$165,702	\$165,702	\$165,702	\$165,702
Operating Expenses - FWP	\$1,629,750	\$1,374,750	\$1,374,750	\$1,374,750
Operating Expenses - DNRC	\$205,718	\$205,718	\$205,718	\$205,718
Operating Expenses - DoJ	\$960	\$0	\$0	\$0
Equipment - FWP	\$100,000	\$0	\$0	\$0
Capital - FWP	\$757,893	\$0	\$0	\$0
Grants - DNRC	\$278,580	\$278,580	\$278,580	\$278,580
Grants - DOC	(\$486,827)	(\$503,757)	(\$519,101)	(\$533,045)
Transfers - DNRC	\$10,998	\$10,998	\$10,998	\$10,998
Over-appropriated - FWP	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000
TOTAL Expenditures	\$7,347,107	\$6,184,810	\$6,169,466	\$6,155,522
<u>Funding of Expenditures:</u>				
General Fund - DoJ	\$960	\$0	\$0	\$0
State Special Revenue - FWP	\$4,934,083	\$4,627,569	\$4,627,569	\$4,627,569
State Special Revenue - DOC	(\$486,827)	(\$503,757)	(\$519,101)	(\$533,045)
State Special Revenue - DNRC	\$660,998	\$660,998	\$660,998	\$660,998
Federal Special Revenue - FWP	\$2,237,893	\$1,400,000	\$1,400,000	\$1,400,000
TOTAL Funding of Exp.	\$7,347,107	\$6,184,810	\$6,169,466	\$6,155,522
<u>Revenues:</u>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue AIS	\$3,622,883	\$3,754,818	\$3,770,162	\$3,784,106
State Special Revenue Gen Lic	\$2,675,929	\$1,947,483	\$1,947,483	\$1,947,483
State Special Revenue Lodging	(\$486,827)	(\$503,757)	(\$519,101)	(\$533,045)
Federal Special Revenue (03)	\$2,237,893	\$1,400,000	\$1,400,000	\$1,400,000
TOTAL Revenues	\$8,049,878	\$6,598,544	\$6,598,544	\$6,598,544
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$960)	\$0	\$0	\$0
State Special Revenue (02)	\$703,731	\$413,734	\$429,078	\$443,022
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

1. Section 61-3-321(14), MCA, states that federal, state, and local vessels are exempt from registration fees. However, the bill states that vessels that are exempt under that statute must pay a \$30 fee. The statute and the bill make the \$30 AIS fee apply to federal, state, and local vessels. No revenue impact is shown as it is not known how many vessels this is.
2. The second amendment to HB 411 reduced the diversion of the lodging facility use tax away from the Department of Commerce from 4.4 percent to 1.4 percent but did not restore the three percent to Department of Commerce. It is an assumption of this fiscal note that the intent was to restore this three percent. As it stands, there is no designation for this three percent of the tax and the distributions add up to 97 percent of tax revenue.

Willis Cundy
Sponsor's Initials

4/16/2019
Date

TL
Budget Director's Initials

4/15/19
Date