

Natural Resource Project Fund

The figure to the right shows the projected fund balance for the natural resource project fund for the 2015 biennium. The natural resource projects fund provides funding for the RRGL and RDGP programs, along with the funding for other natural resource projects.

The funding for the natural resource projects fund is established in law and received from the following sources:

1. Interest income of the resource indemnity trust fund as provided in and subject to the conditions of 15-38-202, MCA (\$3.5 million each fiscal year for the purpose of making grants)
2. Resource indemnity and ground water assessment tax under provisions of 15-38-106, MCA (50% of the remaining proceeds, after appropriations for CERCLA debt service, and \$366,000 to the groundwater assessment account, for the purpose of making grants)
3. Oil and gas production tax as provided in 15-36-331, MCA (2.16% of oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3))
4. Excess coal severance tax proceeds allocated by 85-1-603, MCA to the renewable resource loan debt service fund (above debt service requirements as provided in and subject to the conditions of 85-1-619, MCA)
5. Fees or charges collected by the department for the servicing of loans, including arrangements for obtaining security interests

| Natural Resource Project Account (02577) | | | |
|---|-------------|-------------|--------------------|
| Fund Balance Projection, 2015 Biennium | | | |
| Estimated Beginning Fund Balance (7/1/2013) | | | \$1,536,779 |
| Revenue Projections | FY 2014 | FY 2015 | Biennium Total |
| RIT Interest Earnings | \$3,398,646 | \$3,500,000 | \$6,898,646 |
| Resource Indemnity & Groundwater Tax | 939,422 | 978,922 | 1,918,344 |
| Oil and Natural Gas Tax | 2,360,621 | 2,314,913 | 4,675,534 |
| Administrative Fees | 31,000 | 0 | 31,000 |
| Orphan Share Transfer | 0 | 250,000 | 250,000 |
| General Fund Transfer | 0 | 20,473,686 | <u>20,473,686</u> |
| 2015 Biennium Revenues | | | 34,247,210 |
| HB 6 Appropriations | | | |
| Emergency Grants: | | | |
| RRGL Authorized | | | (100,000) |
| Ten Mile/Pleasant Valley Sewer Dist. | | | (250,000) |
| Project Planning Grants | | | (1,062,000) |
| Irrigation Development Grants | | | (300,000) |
| Private Grants | | | (100,000) |
| Capacity Building Grants | | | (200,000) |
| State Water Plan | | | (200,000) |
| Big Pipestone/Jefferson River Sloth Watershed Restoration | | | (1,273,686) |
| People's Creek Minimum Flow Acct. Deposit | | | (3,000,000) |
| Blackfeet Tribe Water Rights Compact Infra. Account | | | (14,000,000) |
| Proposed RRGL Project Grants | | | <u>(8,967,632)</u> |
| Total RRGL Appropriations | | | (29,453,318) |
| HB 7 Appropriations | | | |
| Project Planning | | | (1,000,000) |
| Aquatic Invasive Species Control | | | (525,000) |
| Oil and Gas Development Groundwater Sampling | | | (300,000) |
| Proposed RDGP Project Grants | | | <u>(4,418,645)</u> |
| Total RDGP Appropriations | | | <u>(6,243,645)</u> |
| Estimated Ending Fund Balance (6/30/2015) | | | <u>\$87,026</u> |

The natural resource projects fund is expected to begin the 2015 biennium with a fund balance of \$1.5 million. The positive fund balance is related to higher than anticipated revenues in the 2013 biennium and the savings attributed to withdrawn grants. The normal fund revenues are expected to be \$13.5 million for the 2015 biennium. The legislature provided two transfers to the fund: 1) \$250,000 from the orphan share state special revenue fund, and 2) \$20.5 million from the general fund. The transfers were provided to fund an emergency grant, additional project grants in the RRGL program, other natural resource projects, and deposits for tribal compacts. With the transfers, the total fund revenues are estimated to be \$34.2 million in the 2015 biennium.

In the 2013 biennium, total appropriations from the natural resource projects account for the RRGL (HB 6) program are \$29.5 million and appropriations for the RDGP (HB 7) program are \$6.2 million. The resulting ending fund balance is estimated to be \$87,026 at the end of the 2015 biennium.