



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

Bill # HB0014

Title: Long-Range Building Bonding Program

Primary Sponsor: Hopkins, Mike

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 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$409,857	\$1,957,709	\$3,864,870	\$5,121,451
State Special Revenue	\$3,195,342	\$10,817,162	\$4,662,406	\$1,853,098
Capital Projects	\$3,375,000	\$14,125,000	\$26,400,000	\$18,900,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
GO Bond Proceeds (02)	\$3,195,342	\$10,817,162	\$4,662,406	\$1,853,098
GO Bond Proceeds (05)	\$3,375,000	\$14,125,000	\$26,400,000	\$18,900,000
<b>Net Impact-General Fund Balance:</b>	<u>(\$409,857)</u>	<u>(\$1,957,709)</u>	<u>(\$3,864,870)</u>	<u>(\$5,121,451)</u>

**Description of fiscal impact:** HB 14 authorizes capital projects totaling \$91.5 million in general obligation (GO) bonds. It is assumed issuances for GO bonds will be \$6.6 million in FY 2022, \$24.9 million in FY 2023, \$31.1 million in FY 2024 and \$20.8 million in FY 2025. Issuance costs and debt service will be funded from general fund and are estimated to be \$.4 million in FY 2022, \$2.0 million in FY 2023, \$3.9 million in FY 2024 and \$5.1 million in FY 2025

### FISCAL ANALYSIS

#### Assumptions:

- All of the GO bonds will be issued for a 20-year term assuming a 2% average interest rate.
- Bonds will be issued in FY 2022, FY 2023, FY 2024, FY 2025 and FY 2026.
- Bond issuance costs will be paid from the general fund. Bond issuance costs would be \$8,000 in FY 2022, \$30,000 in FY 2023, \$38,000 in FY 2024, \$25,000 in FY 2025 and \$10,000 in FY 2026.

4. GO Debt service will be paid from the general fund. Debt service payments would be \$ .4 million in FY 2022, \$1.9 million in FY 2023, \$3.8 million in FY 2024, \$5.1 million in FY 2025 and \$5.6 million in FY 2026 and beyond.
5. Each program listed in the bill will manage projects listed in the bill with existing staff and resources. Agencies proposed to receive bond proceeds with their respective programs include:
  - a. Department of Administration (DoA)
    - i. Long Range Building Program (LRBP)
  - b. Department of Natural Resources and Conservation (DNRC)
    - i. Renewable Resources Grant Program
    - ii. Reclamation Development Grant Program (RDGP)
  - c. Department of Commerce (DOC)
    - i. Treasure State Endowment Program

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

6. All projects will conform to each program rules and codes. No project will start, nor will bond proceeds be distributed until these requirements have been met.
7. Appropriations contained in HB 14 are continuing, meaning they may go beyond the 2023 biennium, depending on the timing of when a proposed project is completed.

	<b><u>FY 2022</u></b> <b><u>Difference</u></b>	<b><u>FY 2023</u></b> <b><u>Difference</u></b>	<b><u>FY 2024</u></b> <b><u>Difference</u></b>	<b><u>FY 2025</u></b> <b><u>Difference</u></b>
<b><u>Expenditures:</u></b>				
LRBP	\$3,375,000	\$14,125,000	\$26,400,000	\$18,900,000
RRGL	\$682,853	\$1,972,685	\$1,517,450	\$547,800
RDGP	\$303,663	\$877,248	\$674,806	\$243,605
TSEP	\$2,208,826	\$7,967,229	\$2,470,149	\$1,061,694
Debt Service	\$401,821	\$1,927,201	\$3,826,876	\$5,096,067
Issuance Costs	\$8,036	\$30,508	\$37,993	\$25,384
<b>TOTAL Expenditures</b>	<b><u>\$6,980,199</u></b>	<b><u>\$26,899,871</u></b>	<b><u>\$34,927,274</u></b>	<b><u>\$25,874,550</u></b>

<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$409,857	\$1,957,709	\$3,864,869	\$5,121,451
State Special Revenue (02)	\$3,195,342	\$10,817,162	\$4,662,406	\$1,853,098
Capital Projects (05)	\$3,375,000	\$14,125,000	\$26,400,000	\$18,900,000
<b>TOTAL Funding of Exp.</b>	<b><u>\$6,980,199</u></b>	<b><u>\$26,899,871</u></b>	<b><u>\$34,927,275</u></b>	<b><u>\$25,874,549</u></b>

<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
GO Bond Proceeds (02)	\$3,195,342	\$10,817,162	\$4,662,406	\$1,853,098
GO Bond Proceeds (05)	\$3,375,000	\$14,125,000	\$26,400,000	\$18,900,000
<b>TOTAL Revenues</b>	<b><u>\$6,570,342</u></b>	<b><u>\$24,942,162</u></b>	<b><u>\$31,062,406</u></b>	<b><u>\$20,753,098</u></b>

<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	(\$409,857)	(\$1,957,709)	(\$3,864,869)	(\$5,121,451)
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

**Long-Term Impacts:**

1. Estimates of future state operations and maintenance costs are dependent upon actual completion dates of projects. 17-7-210, MCA requires funding for maintenance of newly authorized state buildings. The table below outlines the estimated operations and maintenance funding in HB 2 for each project.

<b>Future Bien New Space</b>							
Operations and Maintenance							
Project	Cost	Future O&M			General Fund		
		2023	2025	2027	2023 Bien	2025 Bien	2027 Bien
UM Forestry Conservation and Science Lab	\$ 45,000,000	\$0	\$1,657,453	\$3,465,570	\$0	\$742,539	\$1,552,575
SWMVH Enclosed Walkways	\$ 33,000,000	\$111,000	\$111,000	\$111,000	\$0	\$0	\$0
MT Veterinarian Diagnostic & Ag Analytical Labs	\$ 36,050,000	\$0	\$355,742	\$1,439,715	\$0	\$105,533	\$427,100
Eastern Land Office Facilities & Shop	\$ 2,250,000	\$73,125	\$73,125	\$73,125	\$73,125	\$73,125	\$73,125
Liquor Warehouse Expansion	\$ 6,500,000	\$32,000	\$32,000	\$32,000	\$0	\$0	\$0
MAES Research and Wool Laboratories	\$ 12,300,000	\$ -	\$ 415,707	\$ 869,201	\$0	\$186,237	\$389,402
					<b>\$73,125</b>	<b>\$1,107,434</b>	<b>\$2,442,202</b>

  
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 Sponsor's Initials

1/12/21  
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 Date

  
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 Budget Director's Initials

1/14/21  
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 Date