



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill #	HB0101	Title:	Establish Montana brownfields revitalization act
Primary Sponsor:	Julie Dooling	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>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$600,000	\$600,000
Federal Special Revenue	\$0	\$1,000,000	\$400,000	\$400,000
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$600,000	\$600,000
Federal Special Revenue	\$0	\$1,000,000	\$400,000	\$400,000
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: The proposed legislation authorizes the Department of Environmental Quality (DEQ) to apply for a \$1 million competitive U.S. Environmental Protection Agency (EPA) Brownfields Revolving Loan Fund (RLF) grant. DEQ will use these grant funds to then provide loans or grants for Brownfields properties cleanup across the state. The U.S. EPA Brownfields RLF grant is awarded biennially and the next award is FY 2023.

FISCAL ANALYSIS

Assumptions:

1. A federal special revenue (FSR) fund will be established to receive \$1 million from the competitive EPA RLF grant. This requires \$1 million federal authority for FY 2023.
2. Loans and grants will be issued from the FSR fund for brownfields cleanup projects.
3. A state special revenue (SSR) fund will be established to revolve the \$1 million for loans and grants.

Fiscal Note Request – As Introduced

(continued)

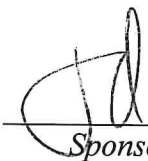
4. Loan and grant repayment will be paid into the SSR fund as agreed upon in the loan or grant terms.
5. DEQ requests \$1 million in federal special authority in FY 2023, and \$400,000 federal special authority in each subsequent year.
6. DEQ requests \$600,000 in state special authority to revolve the loan funds as recipients repay the loans.
7. The \$120,000 operating cost is an administrative expense paid to third-party contractor(s) and paid for by the federal grant.
8. No new FTE are requested to administer the RLF.
9. Statutory Appropriation Guidelines per 17-1-508, MCA:

	<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 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>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$0	\$120,000	\$120,000	\$120,000
Revolving Loans	\$0	\$880,000	\$880,000	\$880,000
TOTAL Expenditures	\$0	\$1,000,000	\$1,000,000	\$1,000,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$600,000	\$600,000
Federal Special Revenue (03)	\$0	\$1,000,000	\$400,000	\$400,000
TOTAL Funding of Exp.	\$0	\$1,000,000	\$1,000,000	\$1,000,000
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$600,000	\$600,000
Federal Special Revenue (03)	\$0	\$1,000,000	\$400,000	\$400,000
TOTAL Revenues	\$0	\$1,000,000	\$1,000,000	\$1,000,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Effect on County or Other Local Revenues or Expenditures:

1. This grant will provide funding for the cleanup of Brownfields projects across Montana.


Sponsor's Initials

11/21/21
Date


Budget Director's Initials

1/11/21
Date



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Dedication of Revenue 2023 Biennium

17-1-507, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**

If awarded, a U.S. EPA Brownfields Revolving Loan Fund Grant (RLF) will see the receipt of \$1,000,000 in the first year the grant is awarded to DEQ. DEQ will use these funds to provide loans or grants for the cleanup of Brownfields properties across the state during the subsequent 15 years. Eligible entities (local municipalities and non-profits) are eligible to receive sub-grants through the RLF.

- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

Federal Funding will be received from the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) was amended by the Small Business Liability Relief and Brownfields Revitalization Act in 2002.

The funding will not impact State Special Revenue or General Fund.

The Federal Funding will have the advantage of providing Brownfields revitalization in the form of a revolving loan. The Brownfields Program has a rich history rooted in environmental justice and is committed to helping communities revitalize brownfield properties, mitigate potential health risks, and restore economic vitality.

- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**

Yes, this is a new funding source provided by the Environmental Protection Agency (EPA) through a grant with Department of Environmental Quality (DEQ).

- d) **Does the need for this state special revenue provision still exist? ___ Yes _X_ No (Explain)**

The revenue is Federal Funding from the EPA.

- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**

No

f) Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)

Yes, the revenue will revitalize brownfield properties, mitigate potential health risks, and restore economic vitality throughout Montana.

g) How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)

This dedicated revenue will not have an impact on accounting/auditing in our agency.