



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # HB0373

Title: Revise natural resources operations fund, provide transfer

Primary Sponsor: Holmlund, Kenneth L

Status: As Amended in House 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 2022 Difference</u> | <u>FY 2023 Difference</u> | <u>FY 2024 Difference</u> | <u>FY 2025 Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures: | | | | |
| General Fund | \$1,089,813 | \$1,035,666 | \$1,029,181 | \$1,022,048 |
| State Special Revenue | \$0 | \$0 | \$0 | \$0 |
| Revenue: | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue | \$1,089,813 | \$1,035,666 | \$1,029,181 | \$1,022,048 |
| Net Impact-General Fund Balance: | <u>(\$1,089,813)</u> | <u>(\$1,035,666)</u> | <u>(\$1,029,181)</u> | <u>(\$1,022,048)</u> |

Description of fiscal impact: Beginning in FY 2022, each fiscal year the state treasurer shall transfer the amount necessary when combined with available and unencumbered fund balance and anticipated revenue, to fund the amount appropriated by the legislature in HB 2 from the general fund to the natural resource operations state special revenue account. This amount will be reconciled prior to fiscal year end based upon actual revenue received.

FISCAL ANALYSIS

Assumptions:

1. Appropriations from the natural resources operations account fund the following state functions:
 - a. Department of Natural Resources and Conservation: Grant accounting, internal controls, financial and legal review, tracking and records management, and accrual and accounts payable for the Renewable Resource Grants (HB 6) and the Resource Development Grants (HB 7); funding for operations of the Flathead Basin Commission and the non-point source pollution projects they are currently working on; funding 86% of the Hydro-science program who monitor the state's stream gage network as well as funding water compact implementation, administration of water rights, and training for water

- commissioners; and funding for grants to assist and benefit communities by developing and enhancing urban and community forestry programs.
- b. Bureau of Mines: Provides 27% of the funding for the Ground Water Assessment Program to conduct ground water monitoring, assess ground water characterization, and maintain the ground water information center.
 - c. Department of Environmental Quality (DEQ): Funds permitting and regulation of metal mines, open cut, and coal mining in the state.
2. If HB 373 were not passed and approved, \$2.2 million of federal grant funding each year from the Office of Surface Mining would be placed in jeopardy as the DEQ may not have sufficient resources to provide the state match.
 3. Expenditures from the natural resources operations account are funded each biennium in HB 2 and are included for FY 2022 and FY 2023 in the Executive Budget.
 4. Transfers would be made each fiscal year from the general fund to the natural resource operations account based upon the appropriations in HB 2, any unencumbered fund balance, and the revenue received.
 5. The natural resources operations account is estimated to have an available and unencumbered fund balance of \$0 at the beginning of FY 2022.
 6. This fiscal note assumes that 100% of available appropriations in HB 2 from the natural resource operations account will be expended.
 7. This fiscal note assumes that the revenue received into the natural resource operations account will be realized.

| | <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> | | | | |
| Transfers | \$1,089,813 | \$1,035,666 | \$1,029,181 | \$1,022,048 |
| TOTAL Expenditures | <u>\$1,089,813</u> | <u>\$1,035,666</u> | <u>\$1,029,181</u> | <u>\$1,022,048</u> |
| <u>Funding of Expenditures:</u> | | | | |
| General Fund (01) | \$1,089,813 | \$1,035,666 | \$1,029,181 | \$1,022,048 |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 |
| TOTAL Funding of Exp. | <u>\$1,089,813</u> | <u>\$1,035,666</u> | <u>\$1,029,181</u> | <u>\$1,022,048</u> |
| <u>Revenues:</u> | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$1,089,813 | \$1,035,666 | \$1,029,181 | \$1,022,048 |
| TOTAL Revenues | <u>\$1,089,813</u> | <u>\$1,035,666</u> | <u>\$1,029,181</u> | <u>\$1,022,048</u> |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | |
| General Fund (01) | \$ (1,089,813) | \$ (1,035,666) | \$ (1,029,181) | \$ (1,022,048) |
| State Special Revenue (02) | \$1,089,813 | \$1,035,666 | \$1,029,181 | \$1,022,048 |

| | | | |
|--------------------|----------------|----------------------------|----------------|
| <u><i>FA</i></u> | <u>2/18/21</u> | <u><i>KA</i></u> | <u>2/17/21</u> |
| Sponsor's Initials | Date | Budget Director's Initials | Date |