



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

<b>Bill #</b>	HB0692	<b>Title:</b>	Authorize transfers and other necessary measures to implement HB2 -section C
<b>Primary Sponsor:</b>	Holmlund, Kenneth L	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> 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	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 692 expands activities eligible for funding from the State Water Project Hydroelectric Power Generation Special Revenue Account (85-1-220, MCA). This may reduce funding available for the repair and rehabilitation of state-owned water projects, which in turn could cause reduced electrical generation revenue.

### FISCAL ANALYSIS

#### Assumptions:



#### **Department of Natural Resources and Conservation (DNRC)**

- Funding "other activities related to the rehabilitation of riparian areas" from the State Water Project Hydroelectric Power Generation Special Revenue Account may result in less funds available for existing and future repair and rehabilitation work of state-owned water projects.
- Currently, the hydroelectric power generation operations at the Broadwater dam are not functional due to a damaged generator.

- a. The anticipated cost of repairs is significant and will be paid from the State Water Project Hydroelectric Power Generation Special Revenue Account.
- b. New revenue will be delayed for months until operations are restored.
- 3. Hydroelectric earnings are used for loan repayments on past rehabilitation projects and are accumulated over multiple years to pay for major, multi-year future rehabilitation projects (85-1-220(4), MCA).
- 4. There are roughly \$9.55M in current obligations, liabilities, and upcoming projects (detailed below) obligated and projected for the State Water Project Hydroelectric Power Generation Special Revenue Account.
  - a. \$3M in FY 2021 liabilities and obligations
  - b. \$2.75M in Outstanding loan liabilities beyond FY 2021
  - c. \$3.8M in Upcoming rehabilitation, repairs, and maintenance projects
- 5. If this funding source is appropriated by the legislature to “fund other activities related to rehabilitation of riparian areas”, there would reduce the amount available for these projects which could cause continued revenue loss if the dam was not functioning and generating electricity.

**Long-Term Impacts:**

- 1. DNRC anticipates a significant reduction in hydro fund revenues once the existing NorthWestern Energy Power Purchase Agreement (PPA) expires in 2024.

 <hr style="width: 100%;"/> Sponsor's Initials	3-31-21 <hr style="width: 100%;"/> Date	 <hr style="width: 100%;"/> Budget Director's Initials	3-31-21 <hr style="width: 100%;"/> Date
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