



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** SB0088

**Title:** Establish requirements for coal-fired power plant maintenance

**Primary Sponsor:** Ankney, Duane

**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	\$0	\$0	\$0	\$0
State Special Revenue	\$95,639	\$96,892	\$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:** SB 88 requires the Department of Environmental Quality (DEQ) to collect a bond or other financial assurance from each owner of a coal-fired generating unit that has a generating capacity greater than or equal to 350 megawatts in order to comply with the requirements of an air quality permit.

### FISCAL ANALYSIS

#### Assumptions:

- DEQ would need to develop a program to determine the amount of bond or other financial assurance that would be required of each owner of a coal-fired generating unit covered under this bill. This bill currently only impacts the owners of Unit 3 and Unit 4 at the Colstrip facility.
- DEQ would engage stakeholders during the development of this program prior to seeking rule initiation by the Board of Environmental Review (BER). DEQ would incur \$750 in fees for publication of rulemaking notices and would complete this process during FY 2022 & FY 2023.
- To develop this program and to facilitate approval through BER, DEQ will need a 0.50 FTE (Environmental Science Specialist) and a 0.25 FTE (Lawyer).

**Fiscal Note Request – As Introduced**

(continued)

- Once the program is developed and the rules are adopted, on-going implementation of the requirements would be completed using existing DEQ staff.
- The requirements contained in SB 88 would be codified in Title 75, Chapter 2 and State Special Revenue (Air Quality Operating Fees) would be used to fund development of this program.

	<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><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Personal Services	\$76,814	\$77,824	\$0	\$0
Operating Expenses	\$18,825	\$19,068	\$0	\$0
<b>TOTAL Expenditures</b>	<b>\$95,639</b>	<b>\$96,892</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$95,639	\$96,892	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<b>\$95,639</b>	<b>\$96,892</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures):**

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$95,639)	(\$96,892)	\$0	\$0

**Technical Notes:**

- New Section 3(1) requires DEQ to release the bond or other financial assurance (FA) mechanism upon request of the owner if needed to address mechanical or operational failures that result in a violation of their air quality permit. For many FA mechanisms, forfeiting would not immediately provide the facility owner with proceeds for use in correcting the operational failure.
- According to New Section 3(2), if the owner fails to address mechanical/operational failures, DEQ must forfeit the bond and contract with a 3<sup>rd</sup> party or work with another owner to make the repairs. If the bond is released upon request of an owner, then DEQ would have no funds left to forfeit if the owner does not complete the necessary repair work.

**NO SPONSOR SIGNATURE**

Sponsor's Initials

1/14

Date

KA

Budget Director's Initials

1/13/21

Date