



## Fiscal Note 2023 Biennium

**Bill #** SB0147

**Title:** Establish commercial property assessed capital enhancements program

**Primary Sponsor:** McNally, Mary

**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
Other (Proprietary)	\$75,326	\$46,255	\$46,949	\$47,653
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Other (Proprietary)	\$6,500	\$19,500	\$26,000	\$32,500
<b>Net Impact-General Fund Balance:</b>	\$0	\$0	\$0	\$0

**Description of fiscal impact:** SB 147 authorizes local governments to adopt commercial property-assessed clean energy programs through districts to promote the use of renewable energy systems and energy conservation measures; establishes the Commercial Property-Assessed Clean Energy Act; and provides for the administration of the Act through the Montana Facilities Finance Authority (MFFA) and local governments, while providing for other items and requirements as defined in the bill.

### FISCAL ANALYSIS

**Assumptions:**

**Department of Commerce**

- SB 147 is enabling legislation for local governments with the MFFA serving in an administrative agency capacity to assist local governments in the adoption of commercial property-assessed clean energy (CPACE) programs as defined within the parameters contained in the bill.
- The MFFA is assuming project development costs will be higher in FY 2022 as the CPACE program is stood up, and that costs will decrease in FY 2023 and stabilize from FY 2024 forward. For the purposes of this fiscal note, it is assumed 0.25 FTE would be required to support the program requirements contained in the bill at an estimated annual cost of approximately \$25,000 each fiscal year. Operating costs are estimated to

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(continued)

be \$50,857 in FY 2022 as the program is stood up and approximately \$22,000 in each of the following fiscal years.

- Revenue estimates are based on a review of CPACE programs in other states including the size and number of financings, respective fees schedules and program adoption rates. MFFA revenue projection assumes a low one-time issuance fee paid as part of the financing.

**Department of Revenue**

- The Department of Revenue may incur some additional costs related to placing special fees and assessments on the tax rolls. However, this cost could be absorbed by the Department of Revenue.

	<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>				
FTE	0.25	0.25	0.25	0.25
<b><u>Expenditures:</u></b>				
Personal Services	\$24,469	\$24,698	\$25,068	\$25,444
Operating Expenses	\$50,857	\$21,557	\$21,881	\$22,209
<b>TOTAL Expenditures</b>	<u>\$75,326</u>	<u>\$46,255</u>	<u>\$46,949</u>	<u>\$47,653</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (Proprietary)	\$75,326	\$46,255	\$46,949	\$47,653
<b>TOTAL Funding of Exp.</b>	<u>\$75,326</u>	<u>\$46,255</u>	<u>\$46,949</u>	<u>\$47,653</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (Proprietary)	\$6,500	\$19,500	\$26,000	\$32,500
<b>TOTAL Revenues</b>	<u>\$6,500</u>	<u>\$19,500</u>	<u>\$26,000</u>	<u>\$32,500</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Other (Proprietary)	(\$68,826)	(\$26,755)	(\$20,949)	(\$15,153)

**Effect on County or Other Local Revenues or Expenditures:**

- There would be revenues and expenses to a local government if that local government chose to implement a CPACE program.

**Long-Term Impacts:**

- CPACE is expected to lead to some job creation as well as additional investment and development in the state.

**NO SPONSOR SIGNATURE**

\_\_\_\_\_  
Sponsor's Initials

2/2  
\_\_\_\_\_  
Date

KL  
\_\_\_\_\_  
Budget Director's Initials

2/1/21  
\_\_\_\_\_  
Date