



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2023 Biennium

Bill # SB0384

Title: Revise laws related to Aquatic Invasive Species hydroelectric fee

Primary Sponsor: Esp, John

Status: As Amended in Senate 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</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	(\$294,495)	(\$294,495)	(\$294,495)	(\$294,495)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue (AIS)	(\$1,140,063)	(\$1,140,063)	(\$1,140,063)	(\$1,140,063)
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 384 revises the quarterly invasive species fee for hydroelectric facilities from a tiered fee structure to a flat fee equal to \$397.88 per megawatt of a facility's nameplate capacity. The amendment removes the \$1 million transfer to the invasive species account and the repeal of the invasive species fee after FY 2023. State special revenue from the invasive species fee would decrease by an estimated \$1,140,063 each year beginning in FY 2022.

FISCAL ANALYSIS

Assumptions:

Department of Fish, Wildlife, and Parks

1. This bill eliminates the current tiered invasive species fee structure for hydroelectric facilities and imposes a flat rate of \$397.88 per megawatt of a facility's nameplate capacity. The amendment removes the \$1 million transfer to the invasive species account and the repeal of the invasive species fee after FY 2023.
2. Hydroelectric facilities with a nameplate capacity of less than 1.5 megawatts are still excluded from paying the fee.
3. As of June 2020, there were 19 hydropower facilities in operation, 1 of which had a nameplate capacity of less than 1.5 megawatts.

4. The total nameplate capacity of the 18 hydropower facilities that are assessed the invasive species fee is 2,641.1 megawatts.
5. The department does not know if the number of hydroelectric facilities will increase or their capacity will increase; therefore, the department assumes total nameplate capacity will remain constant through FY 2023.
6. Current annual revenue from the invasive species fee is \$2,799,541 annually.
7. The altered fee structure in the bill will reduce invasive species fee revenue to \$1,659,478 in FY 2022 and beyond.
8. The net revenue loss to the invasive species fund is \$1,140,063 per year.
9. The revenue from this hydroelectric invasive species fee is used to fund the Aquatic Invasive Species (AIS) program. This reduction in revenue will not require any program reductions.
10. The hydroelectric invasive species fee revenue also funds the AIS program in the Department of Natural Resources & Conservation (DNRC). In FY 2020, DNRC expended \$609,749 of the hydroelectric invasive species fee revenue.

Department of Natural Resources and Conservation

11. Revenue from the revised invasive species fee is lower by \$1,140,063 per year.
12. The only other revenue to the invasive species account is 1.4% of lodging facility use tax and the aquatic invasive species prevention pass for non-resident vessels.
13. The Department of Natural Resources and Conservation's (DNRC's) budget for invasive species is approximately \$672,000 per year in the invasive species account (the Department of Fish, Wildlife, and Parks (FWP) is also appropriated from this account).
14. The reduction of revenue will not require any program reductions.
15. The Toston Hydropower facility (Toston Dam) is a 10-Megawatt hydroelectric facility owned by the State of Montana and operated by the DNRC. The bill removes the current quarterly rate of \$274.95 per megawatt for facilities with nameplate capacity of at least 1.5 megawatts but less than 25 megawatts and replaces it with a quarterly flat rate for all megawatts of \$397.88 per megawatt. This flat rate will increase the fee that the DNRC pays to the Montana Department of Revenue (DOR) by \$4,917 per year.
16. If passed, the DNRC would see an increase in the DNRC Toston Dam expenditures to pay the invasive species fee of \$4,917.

	<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>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	(\$80,841)	(\$80,841)	(\$80,841)	(\$80,841)
Operating Expenses	(\$90,895)	(\$90,895)	(\$90,895)	(\$90,895)
Grants	(\$122,759)	(\$122,759)	(\$122,759)	(\$122,759)
TOTAL Expenditures	(\$294,495)	(\$294,495)	(\$294,495)	(\$294,495)
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$294,495)	(\$294,495)	(\$294,495)	(\$294,495)
TOTAL Funding of Exp.	(\$294,495)	(\$294,495)	(\$294,495)	(\$294,495)
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$1,140,063)	(\$1,140,063)	(\$1,140,063)	(\$1,140,063)
State Special Rev (marijuana)	\$0	\$0	\$0	\$0
TOTAL Revenues	(\$1,140,063)	(\$1,140,063)	(\$1,140,063)	(\$1,140,063)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$845,568)	(\$845,568)	(\$845,568)	(\$845,568)

Technical Notes:

Department of Fish, Wildlife, and Parks

1. Currently, there is an amendment to HB 2 (HB000209-C.arm) which would transfer \$1 million annually into the hydroelectric invasive species state special revenue appropriation for AIS from DNRC to FWP. With the passage of this bill, the department would not be able to expend this additional appropriation because there would be insufficient revenue.

Department of Natural Resources and Conservation

2. There are other aquatic invasive species fees assessed by the State of Montana when a fishing license is purchased. These fees are deposited into the general license account at FWP. The DNRC cannot be appropriated funding from the general license account, and so cannot access those aquatic invasive species funds.

NO SPONSOR SIGNATURE

Sponsor's Initials

4.6

Date

KA

Budget Director's Initials

4-5-21

Date