



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0898 - Revise the Montana Microbusiness Development Act (Tuss, Paul)

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 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	\$30,000,000	\$0	\$0	\$0
State Special Revenue	\$10,107,775	\$20,104,309	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$30,137,500	\$550,000	\$825,000	\$825,000
Net Impact-General Fund Balance:	<u>(\$30,000,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 898 revises the microbusiness development act; revises the definition of a qualified microbusiness; increases the amount allowed for a development loan; and transfers \$30 million from the general fund to the Department of Commerce for additional development loans.

FISCAL ANALYSIS

Assumptions:

Department of Commerce

1. HB 898 allocates an additional \$30 million from the general fund for loans to certified microbusiness development corporations.
2. The department estimates there will be \$10 million loans made in 2024 and \$20 million in 2025.
3. The loans would not all be lent out at the beginning of the fiscal year so an average of the outstanding balance for the year would be \$5 million for 2024; \$20 million for 2025; \$30 million for 2026; and \$30 million for 2027.

- 17-6-406, MCA, authorizes the department to set the interest rate on development loans. The department currently charges interest on development loans at a rate of 2.75% and would anticipate charging the same rate for the new loans.

	FY 2024	FY 2025	FY 2026	FY 2027
Loan Principal (average)	\$ 5,000,000	\$ 20,000,000	\$ 30,000,000	\$ 30,000,000
Loan Yield (2.75%)	2.7500%	2.7500%	2.7500%	2.7500%
Loan Interest Earned	\$ 137,500	\$ 550,000	\$ 825,000	\$ 825,000

- Interest earned on the loans would be deposited in the microbusiness finance program administrative account established in 17-6-407, MCA, and used for administrative purposes. Funds not used for administrative costs could be transferred back to the microbusiness development loan account.
- The department anticipates it would require 1.00 FTE Program Specialist II, and associated operating costs, for the 2025 biennium for the initial establishment and disbursement of the new loans. Total administrative costs are estimated to be \$107,775 in FY 2024, and 104,309 in FY 2025.

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	0.00	0.00
<u>Expenditures:</u>				
Personal Services	\$84,489	\$84,551	\$0	\$0
Operating Expenses	\$10,023,286	\$20,019,758	\$0	\$0
Transfers	\$30,000,000	\$0	\$0	\$0
TOTAL Expenditures	\$40,107,775	\$20,104,309	\$0	\$0
<u>Funding of Expenditures:</u>				
General Fund (01)	\$30,000,000	\$0	\$0	\$0
State Special Revenue (02)	\$10,107,775	\$20,104,309	\$0	\$0
TOTAL Funding of Exp.	\$40,107,775	\$20,104,309	\$0	\$0
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$30,137,500	\$550,000	\$825,000	\$825,000
TOTAL Revenues	\$30,137,500	\$550,000	\$825,000	\$825,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$30,000,000)	\$0	\$0	\$0
State Special Revenue (02)	\$20,029,725	(\$19,554,309)	\$825,000	\$825,000

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Sponsor's Initials	Date	Budget Director's Initials	Date