



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

SB0060 - Establish enterprise fund for Montana spatial real time network (Tempel, Russel (Russ))

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:				
State Special Revenue	\$464,873	\$406,682	\$454,429	\$336,442
Other	\$50,000	\$150,000	\$225,000	\$375,000
Revenue:				
State Special Revenue	\$500,000	\$500,000	\$500,000	\$500,000
Other	\$50,000	\$150,000	\$225,000	\$375,000
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: SB 60 would allow creation of an enterprise fund account for Montana State Library to administer a state reference network to provide real-time geospatial location data from any location within the network and to charge subscription fees. There is no state general fund cost, however the costs would be \$1.0 million to state special revenue and \$200,000 to the new enterprise fund in the 2025 biennium.

FISCAL ANALYSIS

Assumptions:

- Section 1 of SB 60 states that the state library shall administer a state reference network.
- The Montana State Reference Network (MTSRN), Montana's Real Time Network (RTN), is a sub-centimeter accuracy global positioning system (GPS) that was launched on March 13, 2022. This is a state-of-the-art positioning system that helps engineering construction and machine guidance, land surveying, geographic information system (GIS) mapping, utility companies, mining, precision agriculture, wildlife management,

and any location-based activity. A user needs a GPS receiver with an internet connection (standard in modern equipment) to access MTSRN.

3. Initially developed with investments from the Montana Department of Transportation (MDT), Montana tribes, and one-time-only funding from the Montana Land Information Act account, the MTSRN is currently open to users as a no-cost pilot project. As of January 1, 2023, 100 organizations representing 225 users will be utilizing the pilot service.
4. SB 60 allows the Montana State Library (MSL) to transition to a subscription-based model. Subscriber fees would be set based on a cost recovery model dependent on the number of subscribers. Rates may consider investments made by users to the overall MTSRN infrastructure such as contribution and maintenance of base stations.
5. Increased publicity through workshops, presentations, and direct communications to different user organizations should cause the user base in the private sector to grow. MSL projects there would be 250 subscribers by FY 2027.
6. The MTSRN is currently funded with one-time-only appropriations of \$500,000 in each year of the 2023 biennium from the Montana Land Information Act Account. MSL is seeking additional one-time-only funding of \$500,000 in each year from these funds for the 2025 biennium to cover costs of operation as the subscriber base grows. MSL also assumes \$500,000 from the state special revenue as one-time-only appropriation for each year of the 2027 biennium which is assumed in this fiscal note.
7. MSL currently employs one modified FTE, a program manager, to operate the program. The MSL requests that program manager position be made a permanent position and requests an additional 1.00 FTE for an RTN technician to support the operator with system maintenance and management. These positions would cost approximately \$187,850 for salary and benefits in FY 2024 and FY 2025. For purposes of this fiscal note, those costs grow by 1.5% in FY 2026 and again in FY 2027.
8. Operating costs include a contract for hosting the central processing unit for the network. Assumptions for contract costs include an estimate of the base cost plus \$2,000 per base station added in FY 2024 and FY 2025 and \$2,400 per base station added in FY 2026 and FY 2027. It is assumed there will be 80 base stations in FY 2024, growing by 20 base stations in FY 2025 and FY 2026, and by 10 in FY 2027 to a total of 130 base stations.

Fiscal Year	# Base Stations	Cost per station	Total Cost
FY 2024	80	\$2,000	\$160,000
FY 2025	100	\$2,000	\$200,000
FY 2026	120	\$2,000	\$240,000
FY 2027	130	\$2,000	\$260,000

9. Revenue figures are estimated based on 50 subscribers in FY 2024, 100 subscribers in FY 2025, 150 subscribers in FY 2026 and 250 subscribers in FY 2027. Preliminary estimates are \$1,500 per subscriber per year.

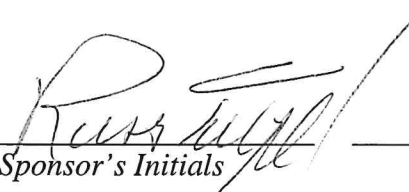

Fiscal Year	# of Subscribers	Cost per subscription	Total Cost
FY 2024	50	\$1,500	\$75,000
FY 2025	100	\$1,500	\$150,000
FY 2026	150	\$1,500	\$225,000
FY 2027	250	\$1,500	\$375,000

Fiscal Note Request – As Introduced

(continued)

10. Expansion and maintenance costs are estimated at 15% of contract/personnel expenses based on actuals from the same model operated at the State of Utah. These costs include outreach, staff travel, and equipment maintenance and replacement.
11. The MSL proposes that revenue received in the new enterprise fund would be expended after the one-time-only state special revenue authority was expended to build operating cash reserve.

	<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>
<u>Fiscal Impact:</u>				
FTE	2.00	2.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services	\$144,500	\$144,500	\$146,668	\$148,868
Benefits	\$43,350	\$43,350	\$44,000	\$44,660
Equipment	\$5,600	\$0	\$0	\$0
Operating Exp (Contract-Base)	\$321,423	\$368,832	\$488,761	\$517,914
TOTAL Expenditures	<u>\$514,873</u>	<u>\$556,682</u>	<u>\$679,429</u>	<u>\$711,442</u>
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$464,873	\$406,682	\$454,429	\$336,442
Other (Proprietary)	\$50,000	\$150,000	\$225,000	\$375,000
TOTAL Funding of Exp.	<u>\$514,873</u>	<u>\$556,682</u>	<u>\$679,429</u>	<u>\$711,442</u>
<u>Revenues:</u>				
State Special Revenue (02)	\$500,000	\$500,000	\$500,000	\$500,000
Other (Proprietary)	\$50,000	\$150,000	\$225,000	\$375,000
TOTAL Revenues	<u>\$550,000</u>	<u>\$650,000</u>	<u>\$725,000</u>	<u>\$875,000</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$35,127	\$93,318	\$45,571	\$163,558
Other	\$0	\$0	\$0	\$0

 _____ Sponsor's Initials	_____ Date	 _____ Budget Director's Initials	1-3-23 _____ Date
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