



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0672 - Generally revise environmental protection laws (Fitzpatrick, John)

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	\$0	\$0	\$0	\$0
Federal Special Revenue	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact: HB 671 does not require a certified system operator for public water supply systems. As a result, the state would incur the loss of federal primacy over Montana water protection, resulting in a 20% loss in federal revenue for all drinking water state revolving fund grants, and weaken existing requirements for community and public water systems.

FISCAL ANALYSIS

Assumptions:

- The guidance document for the requirements of a certified water operator program adopted in "Federal Register/Vol. 64, No. 24/Friday, February 5, 1999/Notices requires all community and non-transient non-community public water systems to have a properly certified operator and specifies that a state may not backslide on requirements that were in place for 12 months prior to the publication of the final guidance.
- To maintain primacy with the Environmental Protection Agency (EPA), Montana is prohibited from having laws or rules that are less stringent than the comparable federal requirements. As a condition of primacy, the state is required to have a certified operator program that meets the requirements of 42 USC 300g-8.
- Failure to meet these requirements will result in a withholding of 20% of the state's drinking water state revolving fund (DWSRF) grants.
- A 20% reduction of all DWSRF grants is outlined in the table below, and total more than \$12M.

	Amount Per Year	20% decrease
DWSRF Base Grant	\$7,008,000	(\$1,401,600)
BIL Supplemental	\$17,995,000	(\$3,599,000)
Lead Service Lines	\$28,275,000	(\$5,655,000)
Emerging Contaminants	\$7,540,000	(\$1,508,000)
Total	\$60,818,000	(\$12,163,600)

5. If Montana lost primacy with the EPA, all drinking water funding under the Performance Partnership Grant could also be jeopardized. The jeopardized amount would be over and above that listed in the table above but is not able to be determined at this time.

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Loans to local entities	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)
TOTAL Expenditures	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)
TOTAL Funding of Exp.	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)
TOTAL Revenues	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)	(\$12,163,600)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0


Effect on County or Other Local Revenues or Expenditures:

- The DWSRF funds are used to provide low interest loans and loan forgiveness monies for community drinking water infrastructure projects across the state. Loss of this funding would significantly impact local governments.
- As written, HB 671 would apply to five community water systems, but loss of funding would affect up to approximately 2,200 public water supplies per year.

NOT SIGNED BY SPONSOR

Sponsor's Initials

Date


Budget Director's Initials

2-22-23
Date