



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

SB0442 - Allow marijuana tax revenue to be used for county road maintenance (Lang, Mike)

Status: As Introduced

- | | | |
|---|--|---|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> 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
State Special Revenue	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue- FWP Habitat	(\$8,331,000)	(\$8,664,000)	(\$8,992,000)	(\$9,332,000)
State Special Revenue- MDT County Rc	\$8,331,000	\$8,664,000	\$8,992,000	\$9,332,000
Net Impact-General Fund Balance:	\$0	\$0	\$0	\$0

Description of fiscal impact: SB 442 revises the marijuana revenue distribution to redistribute the 20% that currently goes to secure wildlife habitat through the Department of Fish, Wildlife and Parks to a new state special revenue account at the Department of Transportation for county road maintenance. SB 442 includes a distribution formula based on the road miles, state and federal land area, and block management acres in counties and consolidated cities and counties.

FISCAL ANALYSIS

Assumptions:

Department of Revenue (DOR)

1. SB 442 creates a new state special revenue account for county road habitat access. This account would be funded by a distribution from the marijuana state special revenue account and the funds would be appropriated to the Department of Transportation to be distributed monthly to county and consolidated city-county governments.
2. This bill removes the current law 20% distribution from the marijuana state special revenue account to the Department of Fish Wildlife and Parks for Habitat Montana and replaces it with a 20% distribution to the new county road habitat access account.

- Based on the HJ 2 forecast marijuana revenues, the estimated distribution to the Habitat Montana account would be \$8,331,000 in FY 2024, \$8,664,000 in FY 2025, \$8,992,000 in FY 2026, and \$9,332,000 in FY 2027. These amounts would be the estimated revenue distributed to the county road habitat access account under this bill.
- No other distributions from the marijuana state special revenue account would be impacted by this bill and there would be no additional costs to the Department of Revenue.

Department of Transportation (DOT)

- In SB 442 there is a county road habitat access account in the state special revenue fund and all funds received pursuant to 16-12-111(4)(b)(i), MCA, must be deposited in the account.
- Money deposited in the account is subject to appropriation by the legislature and may be used only for funding the construction, reconstruction, maintenance, and repair of county roads.
- From the marijuana state special revenue account, 20% is transferred to the credit of MDT.
- All funds must be distributed each fiscal year on a monthly basis to the county and consolidated city-county governments.
- Timing and acquisition of data for the distribution calculation may be challenging. Block Management Program (BMA) boundaries change often, and annual availability timelines may vary.

	<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>				
<u>Expenditures:</u>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)- FWP Habitat	(\$8,331,000)	(\$8,664,000)	(\$8,992,000)	(\$9,332,000)
State Special Revenue (02)- MDT County Roads	<u>\$8,331,000</u>	<u>\$8,664,000</u>	<u>\$8,992,000</u>	<u>\$9,332,000</u>
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Notes:

- A more specific definition of what makes up federal lands is needed; there are many data sets to collect and decipher to establish accurate figures.
- There is no appropriation in SB 442. If the bill is passed and approved, the Department of Transportation may not have sufficient authority to spend the additional state special revenue funds from marijuana taxes.

NO SPONSOR SIGNATURE

<hr/> Sponsor's Initials	3/1/23 <hr/> Date	 <hr/> Budget Director's Initials	3-1-23 <hr/> Date
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Dedication of Revenue 2025 Biennium

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17-1-507, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
Yes, the revenue is directed from marijuana users. The benefactors of SB 442 are any of the travelling public or anyone receiving goods or services that are transported using the Montana highway system.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**
By using a special revenue fund, the Department of Transportation (MDT) can account and track the exact amount of funds being expended each year. Also, MDT can ensure that only the proper expenditures are applied to the fund.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**
Yes, the program will fund maintenance and construction of county roads that are not currently being funded.
- d) **Does the need for this state special revenue provision still exist? Yes No (Explain)**
Yes, the revenues are designated for county highway construction and maintenance. The need still exists to ensure that the revenue is used for the legislative purpose.
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
No, the dedicated revenue being accounted for in a special revenue helps ensure that the expenditures for highways and maintenance are kept separate.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
Yes, it will be used toward the need of constant maintenance and improvement of the highway system.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**
MDT's primary funding is accounted for through special revenue funds. By using a special revenue fund, MDT can use the economies of scale gained through the existing special revenue funds to account for and budget more efficiently.