

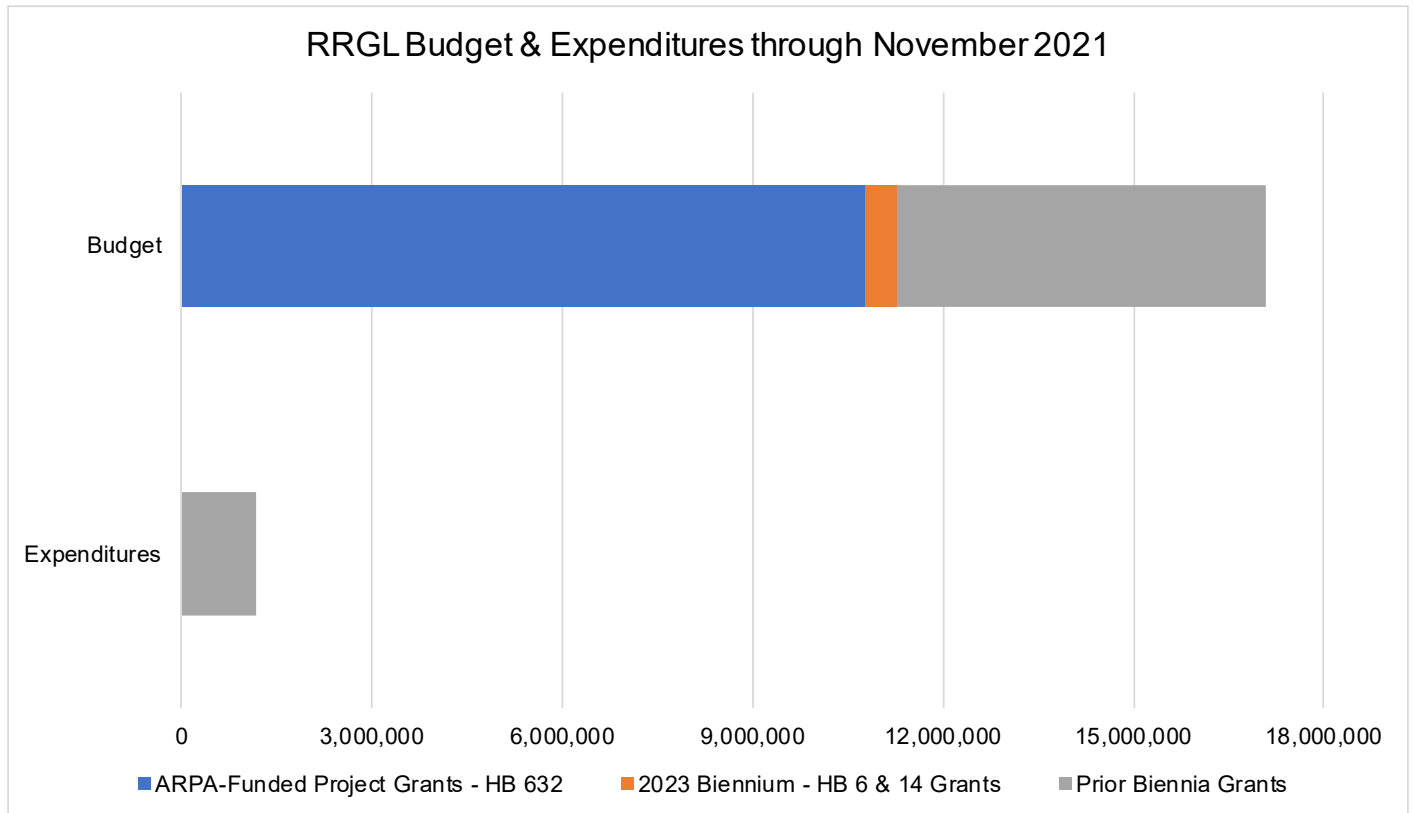
# RENEWABLE RESOURCE GRANT & LOAN PROGRAM

## PROGRAM SUMMARY

The RRGL was created by the 1993 Legislature. This program combines the former Renewable Resource Development Program, established in 1975, and the Water Development Program, established in 1981. As outlined under Title 85, Chapter 1, part 6, MCA, the purpose of the RRGL is to fund projects that “enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources.” The program is administered by the Department of Natural Resources and Conservation (DNRC).

## BUDGET & EXPENDITURE

The following chart and table show RRGL 2023 biennium budget and expenditure for FY 2022 through November 2021.



| RRGL Budget and Expenditures through Nov. 30, 2021 |                   |                  |                   |            |
|--|-------------------|------------------|-------------------|------------|
| Item   | Appropriations    | Expenditures     | Balance           | % Expended |
| ARPA-Funded Project Grants - HB 632                | 10,770,788        | -                | 10,770,788        | 0%         |
| 2023 Biennium - HB 6 & 14 Grants                   | 500,000           | -                | 500,000           | 0%         |
| Prior Biennia Grants                               | 5,807,367         | 1,166,704        | 4,640,663         | 20%        |
| <b>Total Appropriations/Expenditures</b>           | <b>17,078,155</b> | <b>1,166,704</b> | <b>15,911,451</b> | <b>7%</b>  |

There has not yet been expenditure of the funds budgeted in the 2023 biennium. Of the ARPA funds, \$4.2 million has been awarded for projects through November 30, 2021; funds will be expended for reimbursement of costs associated with the projects awarded. ARPA funds must be obligated by December 31, 2024 and spent by December 31, 2026.

There is total budget authority of \$11.3 million for the RRGL program. Initially, this authority was totally appropriated in HB 632, the ARPA federal funding bill. In October, the agency transferred \$500,000 of the authority to the natural resource projects account. Of that, \$375,000 of state special revenue funding was established for three HB 6 projects, and \$125,000 was established for one HB 14 project; in total, \$500,000 of state special revenue budget was established for these projects to be used as non-federal match for federally funded grants. Because ARPA is federal funding, ARPA funds could not be used as a match for those projects. Therefore, state special revenue budget was established, specifically for the following:

HB 6 projects:

- Lower Willow Creek Irrigation District - Dam Right Subdrain Repair Project - \$125,000
- Helena Valley Irrigation District - Lateral 11.9 Canal Conversion and Gate Rehab Project - \$125,000
- Greenfields Irrigation District - Arnold Coulee Hydroelectric Project - \$125,000

HB 14 project:

- Hysham Irrigation District - Intake Improvements Project - \$125,000

Approximately \$5.8 million of budget remains for prior biennia grants. Of that amount, \$3.4 million remains for prior projects authorized under HB 6. \$308,000 has been expended in FY 2022 for 16 project grants, as well as other types of grants including emergency grants and planning grants.

\$2.4 million of the prior biennia grant budget remains for grants authorized under HB 652 from the 66<sup>th</sup> legislative session for local government infrastructure in the 2021 biennium. Of that budgeted amount, about \$859,000 has been expended for 23 projects for water and wastewater system improvements and irrigation districts.

## **FUND BALANCE**

The following chart shows the projected fund balance for the Natural Resource Project Account, based on 2021 biennium actuals and 2023 biennium projections.

| Natural Resource Project Account Fund Balance Analysis - 2023 Biennium |                   |                   |                      |                      |                        |
|--|-------------------|-------------------|----------------------|----------------------|------------------------|
| Account 02577  |                   |                   |                      |                      |                        |
|  | FY 2020<br>Actual | FY 2021<br>Actual | FY 2022<br>Projected | FY 2023<br>Projected | 2023 Biennium<br>Total |
| Available Balance  | \$10,242,619      | \$9,376,853       | \$9,710,996          | \$400,552            | \$9,710,996            |
| Revenue Projections <sup>1</sup>                                       |                   |                   |                      |                      |                        |
| RIT Interest Earnings  | 2,176,299         | 2,812,419         | 1,914,606            | 2,293,628            | 4,208,234              |
| Resource Indemnity & Groundwater                                       | 804,083           | 679,719           | 573,704              | 512,938              | 1,086,642              |
| Oil and Gas Tax  | 921,370           | 893,548           | 1,061,999            | 977,543              | 2,039,542              |
| Other Revenues   | 96,335            | 97,978            | 0                    | 0                    | 0                      |
| HB 14 GF Transfer  | <u>0</u>          | <u>0</u>          | <u>2,099,322</u>     | <u>0</u>             | <u>2,099,322</u>       |
| Total Revenues   | 3,998,087         | 4,483,664         | 5,649,631            | 3,784,109            | 9,433,739              |
| RRGL Appropriations - HB 6   |                   |                   |                      |                      |                        |
| Other Grants   | 599,266           | 805,869           | 0                    | 0                    | 0                      |
| Prior Biennia  | 2,480,645         | 1,947,905         | 3,374,254            | 0                    | 3,374,254              |
| 2023 Biennium Grants   | <u>0</u>          | <u>0</u>          | <u>500,000</u>       | <u>0</u>             | <u>500,000</u>         |
| Total RRGL Expenditures/Appropriations                                 | 3,079,911         | 2,753,774         | 3,874,254            | 0                    | 3,874,254              |
| RDGP Appropriations - HB 7   |                   |                   |                      |                      |                        |
| Other Grants   | 32,518            | 285,496           | 800,000              | 0                    | 800,000                |
| Prior Biennia  | 1,751,423         | 1,110,535         | 4,912,666            | 0                    | 4,912,666              |
| 2023 Biennium Grants   | <u>0</u>          | <u>0</u>          | <u>5,373,155</u>     | <u>0</u>             | <u>5,373,155</u>       |
| Total RDGP Expenditures/Appropriations                                 | 1,783,941         | 1,396,031         | 11,085,821           | 0                    | 11,085,821             |
| Total Expenditures/Appropriations                                      | 4,863,852         | 4,149,521         | 14,960,075           | 0                    | 14,960,075             |
| Estimated Ending Fund Balance  | \$9,376,854       | \$9,710,996       | \$400,552            | \$4,184,661          | \$4,184,661            |
| <sup>1</sup> HJ 2 projections  |                   |                   |                      |                      |                        |

Because grants for both RRGL and RDGP are appropriated from the Natural Resources Project Account, both are included in the table to show the fund balance for the account. Revenues for the account came in slightly lower than expected in FY 2021 by about \$127,000. Prior biennia expenditures in FY 2021 were approximately \$2.0 million, which was lower than originally anticipated.

As mentioned, ARPA funds will be used to fund the majority of RRGL grants authorized in the 2023 biennium. During FY 2022, a total of \$500,000 of state special revenue budget from the Natural Resources Project Account was established for four 2023 biennium grants, to be used as the non-federal match requirement for federally funded grants. Because ARPA is federal funding, ARPA funds could not be used as a match for those projects.

The projected ending fund balance at the end of the 2023 biennium, using fiscal year end 2021 data, is approximately \$4.2 million.