

MONTANA COAL ENDOWMENT REGIONAL WATER PROGRAM

PROGRAM SUMMARY

The 1999 Legislature created the treasure state endowment regional water system fund as a sub-trust within the coal tax permanent trust. The Montana Coal Endowment Regional Water Program (MCEPRW), established in 90-6-715, MCA, was created to provide a state match for the receipt of federal and local funds for the four large regional water projects in the state. The program is administered by the Department of Natural Resources and Conservation (DNRC). Interest from the trust can be distributed as a match to federal and local funds to the regional water authorities that have met certain conditions including:

- An executed agreement with DNRC
- A DNRC approved management plan
- A financial accounting system that conforms to generally accepted accounting principles
- A detailed preliminary engineering report

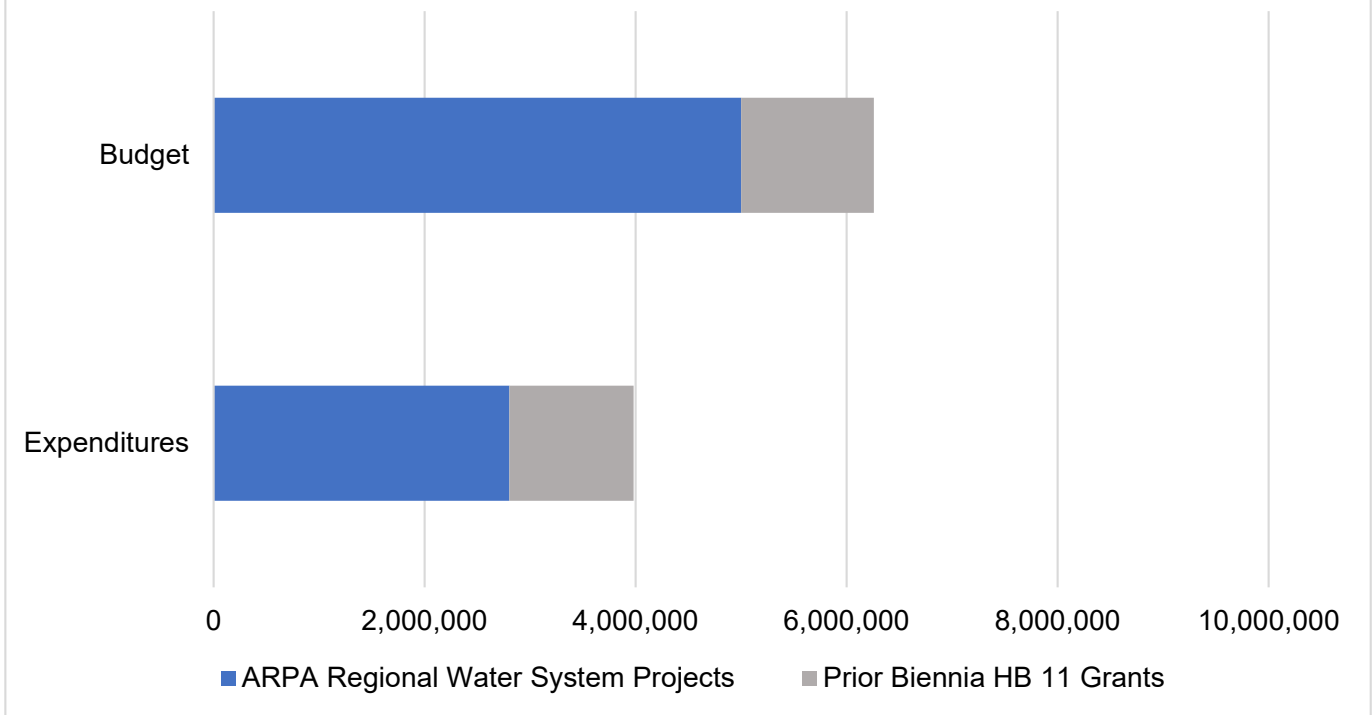
The interest from the trust is also used to pay administrative costs to the DNRC and the four regional water authorities:

- Dry Prairie Regional Water Authority (federally authorized)
- North Central Montana Regional Water Authority (federally authorized)
- Dry-Redwater Regional Water Authority
- Musselshell-Judith (Central) Regional Water Authority (federally authorized)

BUDGET & EXPENDITURE

The following chart and table show MCEPRW FY 2023 budget and expenditure through June 30, 2023 (fiscal year-end 2023).

MCEPRW Budget & Expenditures through June 30, 2023



MCEPRW Budget and Expenditures through June 30, 2023				
Item	Appropriations		Balance	% Expended
	HB 11	Expenditures		
ARPA Regional Water System Projects	5,000,000	2,802,000	2,198,000	56.0%
Prior Biennia HB 11 Grants	1,257,781	1,178,058	79,723	93.7%
Total Appropriations/Expenditures	6,257,781	3,980,058	2,277,723	63.6%

Originally appropriated under HB 11, a budget of \$5.0 million was established in the 2023 biennium for state regional water system projects. Rather than being funded with dedicated state special revenue, the appropriation was funded by federal American Rescue Plan Act (ARPA) funds authorized under HB 632. In FY 2023, \$2.8 million of that authority was expended.

For prior biennia projects under the MCEPRW program, approximately \$1.3 million of remaining authority for projects was budgeted at the beginning of FY 2023. The regional water system project expenditures totaled \$1.2 million.

FUND BALANCE

The following chart shows the projected MCEPRW fund balance, based on 2023 biennium actuals and 2025 biennium projections.

MCEP Regional Water System Fund Balance Analysis - 2025 Biennium					
Accounts 09047 and 02015					
	FY 2022 Actual	FY 2023 Actual	FY 2024 Projected	FY 2025 Projected	2025 Biennium
Estimated Beginning Fund Balance	\$5,267,833	\$4,347,793	\$5,930,547	(\$1,711,293)	\$5,930,547
Revenue Projections ¹					
Coal Subtrust Earnings	3,131,093	3,649,925	3,617,000	3,868,000	7,485,000
Expenditures					
Administration - DNRC ² & Regional Water Authority	112,738	89,012	342,435	346,806	689,241
Regional Water Authority Admin. Grants ²	746,000	800,978	891,923	891,923	1,783,846
Prior Biennia Grants	3,197,493	1,178,058	24,483	0	24,483
2025 Biennium Grants	0	0	10,000,000	0	10,000,000
Fund Balance Adjustment	(5,098)	(878)	0	0	0
Total Expenditures/Appropriations	4,051,133	2,067,170	11,258,841	1,238,729	12,497,570
Estimated Ending Fund Balance	\$4,347,793	\$5,930,547	(\$1,711,293)	\$917,978	\$917,978
¹ HJ 2					
² HB 2					

Revenue in FY 2023 was approximately \$311,000 higher than HJ 2 (2021) projections. The fund is a sub-trust within the coal tax permanent trust; revenue for the fund is interest earnings from the trust. In FY 2023, expenditures for administrative costs for both DNRC and the regional water authorities, appropriated under HB 2, totaled \$890,000, and expenditures for prior biennia project grants totaled \$1.2 million. The resulting ending fund balance at the end of FY 2023 totals \$5.9 million.

For the 2025 biennium, revenue is based on HJ 2 (2023) projections and totals \$7.5 million for the biennium. For project grants, the 68th Legislature appropriated \$10.0 million under HB 11. Additionally, \$2.5 million was appropriated under HB 2 for the 2025 biennium for DNRC and regional water authority administrative costs. The 2025 biennium ending fund balance is projected to approximately \$918,000.