

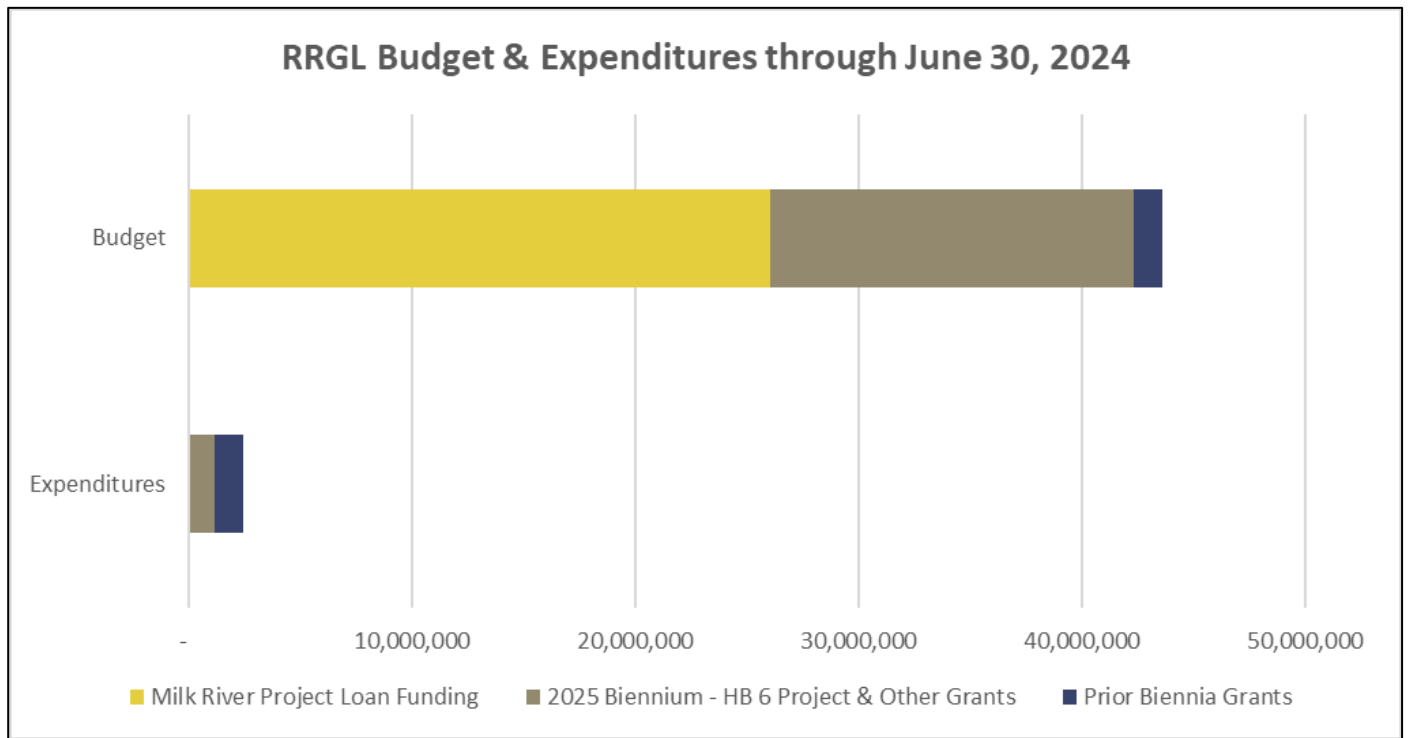
# RENEWABLE RESOURCE GRANT & LOAN PROGRAM

## PROGRAM SUMMARY

The Renewable Resource Grant and Loan Program (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 shows the RRGL 2025 biennium budget and expenditures through June 30, 2024 (fiscal year-end 2024).



RRGL Budget and Expenditures through June 30, 2024				
Item	Appropriations/Accrual	Expenditures	Balance	% Expended
2025 Biennium - HB 6 Project & Other Grants	16,310,000	1,114,564	15,195,436	6.8%
Milk River Project Loan Funding	26,000,000	-	26,000,000	
Prior Biennia Grant	1,287,414	1,287,414	-	100.0%
<b>Total Appropriations/Expenditures</b>	<b>43,597,414</b>	<b>2,401,978</b>	<b>41,195,436</b>	<b>5.5%</b>

Approximately \$16.3 million of state special revenue was appropriated in the 2025 biennium for project grants authorized in HB 6, which includes \$8.9 million for 51 project grants and \$7.4 million for planning, emergency, non-point source pollution reduction, and other grants to be awarded by the department. Additionally, \$26.0 million was appropriated from the general fund to the natural resource projects account that was not spent in 2024 yet but instead held in escrow for a loan for the Milk River project, depending upon the meeting of certain requirements for the total cost of \$372.7 million for that project. On June 17, 2024, the St. Mary Canal siphon failed, and work is underway to replace the siphon under federal Omnibus Public Inads Management Act of 2009 (PL 111-11), with cost sharing of \$70.0 million split between Bureau of Reclamation and the project beneficiarires. HB 6 (2023 Legislature) and HB 540 (2005 Legislature) made available \$32.0 million for the Milk River Joint Board of Control for the remediation work, which is expected to be completed by late summer or early fall, 2025. This project is still evolving and could change.

Of the 2025 biennium grant funding, approximately \$2.4 million was expended in FY 2024, and \$1.2 million was spent for grants authorized under HB 6 in prior biennia.

## **FUND BALANCE**

The following chart shows the projected fund balance for the Natural Resource Project Account, based on FY 2024 actuals and 2025 biennium projections.

Natural Resource Project Account Fund Balance Analysis - 2025 Biennium					
	FY 2022 Actuals	FY 2023 Actuals	FY 2024 Actuals	FY 2025 Projected	2025 Biennium Projected
Beginning Fund Balance	\$9,710,996	\$14,359,730	\$18,956,192	\$48,157,549	\$18,956,192
Fund Balance Adjustment	<u>0</u>	<u>150</u>	<u>0</u>	<u>0</u>	<u>0</u>
Available Balance	\$9,710,996	\$14,359,880	\$18,956,192	\$48,157,549	\$18,956,192
Revenue Projections <sup>1</sup>					
RIT Interest Earnings	2,220,602	3,146,156	2,529,536	3,200,000	5,729,536
Resource Indemnity & Groundwater	904,754	1,966,345	2,340,898	1,756,882	4,097,780
Oil and Gas Tax	1,689,528	1,789,925	1,509,971	1,670,443	3,180,414
Other Revenues	19,850	1,350	22,250	1,000	23,250
General Transfers-In	163,347	246,505			0
HB 6 General Fund Transfer	<u>2,099,322</u>	<u>0</u>	<u>26,000,000</u>	<u>0</u>	<u>26,000,000</u>
Total Revenues	7,097,403	7,150,281	32,402,656	6,628,325	39,030,980
RRGL Appropriations - HB 6					
Other Grants	0	56,028	445,589	9,514,411	9,960,000
Prior Biennia	926,634	1,038,035	565,772	(7,125,240)	(6,559,469)
2025 Biennium Grants	<u>75,000</u>	<u>406,763</u>	<u>668,975</u>	<u>5,681,025</u>	<u>6,350,000</u>
Total RRGL Expenditures/Appropriations	1,001,634	1,500,825	1,680,336	8,070,195	9,750,531
RRGL Appropriations - HB 6					
Milk River Project Loan Funding	<u>0</u>	<u>0</u>	<u>0</u>	<u>26,000,000</u>	<u>26,000,000</u>
Total Milk River Project Loan Funding	0	0	0	26,000,000	26,000,000
RDGP Appropriations - HB 7					
Other Grants	0	147,360	41833.8	1,958,166	2,000,000
Prior Biennia	1,425,770	526,350	1,131,339	0	1,131,339
2025 Biennium Grants	<u>21,116</u>	<u>379,284</u>	<u>347,790</u>	<u>3,305,557</u>	<u>3,653,347</u>
Total RDGP Expenditures/Appropriations	1,446,886	1,052,994	1,520,963	5,263,723	6,784,686
Total Expenditures/Appropriations	2,448,520	2,553,819	3,201,299	39,333,919	42,535,217
Estimated Ending Fund Balance	\$14,359,879	\$18,956,192	\$48,157,549	\$15,451,955	\$15,451,955
<sup>1</sup> HJ 2 projections					

Because grants for 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.

Aside from authorized general fund transfers, funding for the account typically comes from various sources including interest income of the resource indemnity trust fund; resource indemnity and ground water assessment tax; oil and gas tax production tax; and fees or charges collected by DNRC. Total actual revenues in FY 2024 were approximately \$100,000 less than HJ 2 projections.

For the 2025 biennium, revenue projections for HJ 2 total \$6.5 million of state special revenue, plus the general fund transfer of \$26.0 million to the account. Under HB 6, the RRGL program budget was authorized at \$35.8 million; this includes funding for project grants, as well as other grants such as for planning, emergencies, irrigation, watershed management, private grants, and non-point source pollution reduction.

The current projected 2025 biennium ending fund balance is \$15.5 million.