



2025 Biennium Fiscal Report

A Summary of Financial Decisions from the 2023 Legislative Session

**LEGISLATIVE FISCAL REPORT
2025 BIENNIUM
VOLUME 1 – STATEWIDE PERSPECTIVES**

**REPORT FROM THE LEGISLATIVE FISCAL DIVISION
TO THE SIXTY-EIGHTH LEGISLATURE
JULY 2023**

Legislative Finance Committee appointed for 2023 session

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Representative Mary Caferro, Vice-Chair
Representative Llew Jones, Secretary
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Nick VanBrown

Mark Yakubovich

Acknowledgements

The Legislative Fiscal Division (LFD) provides non-partisan budget and data analysis to the Montana Legislature, so all lawmakers have objective, accurate, and relevant information to make state financial decisions.

For information on this report and others, contact the Legislative Fiscal Division at (406) 444-2986 or visit the division's website at: <https://leg.mt.gov/lfd/>

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AMY CARLSON

July 2023

Members of the 68th Legislature
Members of the Legislative Finance Committee:

In accordance with the provisions of Section [5-12-302, MCA](#), I submit the Legislative Fiscal Report for the 2025 biennium. The report provides an overview and details of the 2025 biennium budget for the State of Montana adopted by the 68th Legislature in the 2023 Session.

The complete fiscal report includes:

- An Overview of Statewide Perspectives – Provides a summary of the 2025 biennium state budget, significant general fund spending, as well as substantial policy adopted by the 2023 Legislature
- Revenue Estimates – Provides the legislative revenue estimates and underlying economic assumptions that were included in HJR 2 and includes new revenue legislation adopted by the legislature
- Agency Budgets – Provide a detailed report of the appropriations for each agency and program contained in the general appropriations act (HB 2) and in other legislation

These volumes are intended as a reference document and historical archive of the legislative budget action for the use of legislators, the public, and state agencies.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Amy Carlson".

Amy Carlson
Legislative Fiscal Analyst

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PURPOSE

The purpose of this report is to provide legislators and all interested parties with a record of the fiscal actions of the 2023 Legislature (including legislation passed and legislative intent related to fiscal issues) and the fiscal status of state government through the 2025 biennium.

This document reports on the adopted legislative appropriations as defined in [17-7-150, MCA](#): general fund, state special funds, federal funds, and certain proprietary funds. The general fund is the primary fund used for general government purposes such as education, health care, and corrections. All funds budgets include the general fund plus the other appropriated funds.

SUMMARY OF KEY LEGISLATIVE ACTION

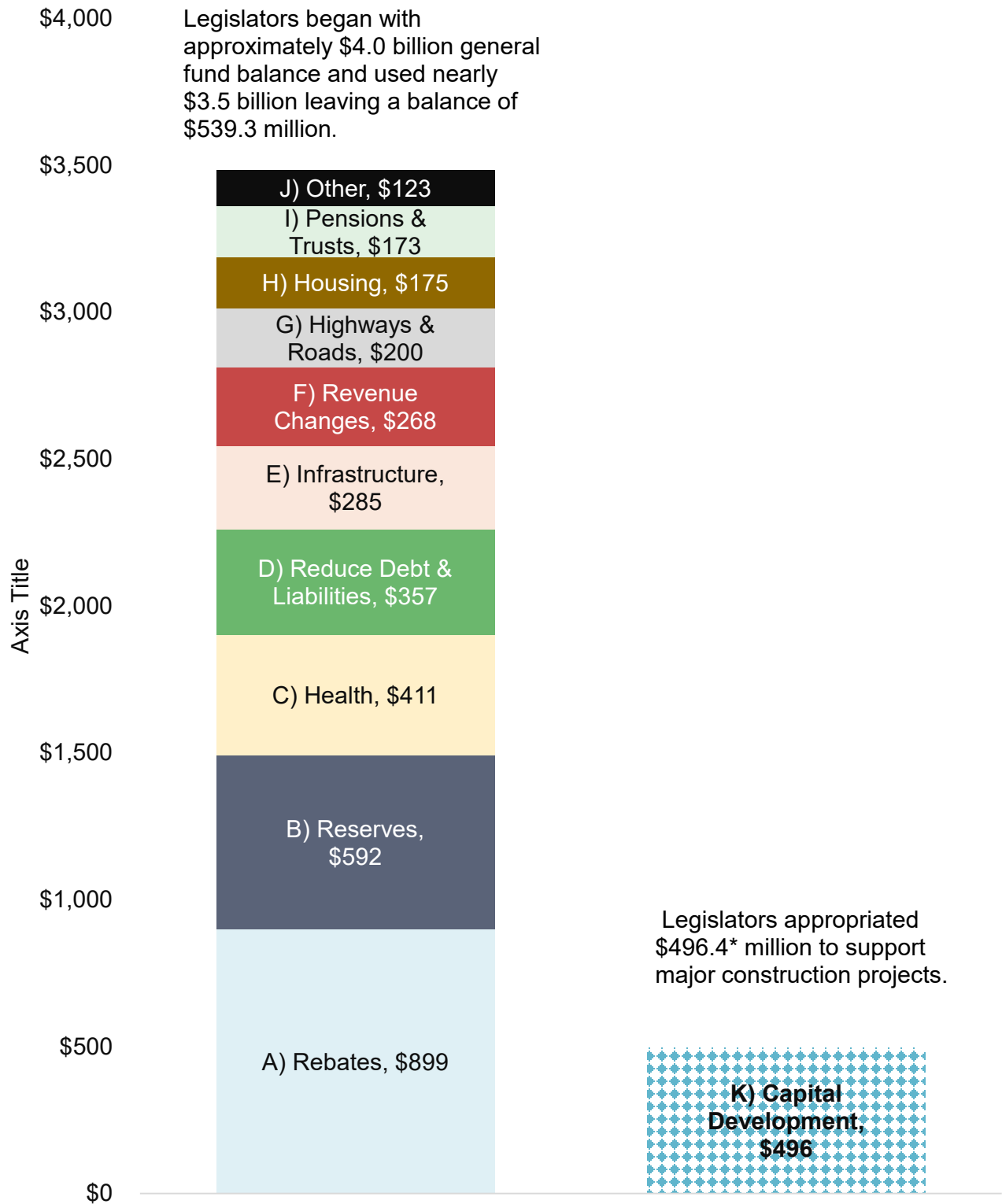
Prior to session, the 2025 Biennium Budget Analysis ([pages 9 & 11](#)) described the strong financial position of the state with large ending fund balances and structural balances available to the legislature in the 2025 Biennium budget. Specifically, the report illustrated a general fund \$4.0 billion ending fund balance after present law and other inflationary items were considered and a \$748.3 million structural balance. Note that typically the structural balance would be neutral or zero and the ending fund balance would be around \$250.0-300.0 million.

The legislature adopted legislation and appropriations that reduced the structural balance from \$748.3 million to \$487.9 million and the ending fund balance to \$539.3 million. Both of these balances give the state room for lower than anticipated revenues or greater than anticipated expenses in the future.

The key items that the legislature allocated general fund resources were rebates, filling reserve balances, public health, including behavioral health, debt reduction, infrastructure, funding for highways and roads, pensions and trust funds, and tax policy changes. The following figure shows the key legislative decisions.

The total expenditures, revenue reductions, and transfers from the general fund total \$3.5 billion. In addition to this, the legislature committed an additional approximately \$500 million from the CD for infrastructure for a total commitment of nearly \$4.0 billion.

These charts show the legislative decision categories for the 2025 biennium.



General Fund and Capital Development Fund Spend down

Of the nearly \$3.5 billion allotted by the legislature, \$3.2 billion was allocated as one-time-only. The ongoing portions are clearly identified below. The legislature committed nearly \$500.0 of capital development funding for long range building projects.

- A) One-time rebates to Montana residents in the form of individual income tax rebates and property tax rebates, \$899.1
- B) Reserve funds were filled with one-time-only transfers from the general fund. These included the fire suppression fund (HB 883, \$152.0 million) and the HB 424 budget stabilization fund (\$377.0), and state employee and university system health insurance funds (\$48.0); and other (HB 424, \$427.7 million OTO)
- C) Health includes the following: HB 872 that provides funding for behavioral health system for future generations (\$300.0 million, OTO); HB 835 provided supplemental appropriations for 24/7 contingency funding and Medicaid funding for the Department of Public Health and Human Services (\$56.5 million); HB 332 provided \$40.0 million for school employee health benefits; and other health related bills totaled \$396.9 in OTO funding
- D) Reduce debt & liabilities includes \$408.0 million in OTO (some offset by ongoing savings) to pay down debt and liabilities. This category impacts both revenues and expenditures. Please see the write up on HB 251 in the revenue section of this report (page 21) and the general fund transfers section of this report (page 51)
Paying down debt and liabilities results in ongoing debt service savings, please see the Debt Service section of the report which begins on page 46
- E) Infrastructure includes one-time-only general fund transfers for infrastructure projects, information technology transfers, local government projects, and capitol complex administration and transfers and one-time general fund transfer to the natural resource projects fund (HB 5, HB 6, HB 10, HB 355, HB 817, and HB 856)
- F) Revenue Changes, \$268 million this category includes the revenue bills that reduce general fund. It does not include HB 251, which is included with reduce debt and liabilities (see page 50 for details more on HB 251). The ongoing portion of the revenue changes include revenue legislation that reduces ongoing collections, including and primarily SB 121 which reduced the top marginal the individual income tax rate to 5.9% and increased the earned income tax credit rate from 3.0% of the federal tax credit to 10.0%. The revenue impact in FY 2025 is estimated at \$168.4 million
- G) Highways & Roads one-time general fund transfers of \$100.0 million each in HB 267 and SB 536
- H) Housing one-time general fund transfers to fund workforce housing (HB 819)
- I) Pensions and other trusts HB 569 provided one-time general fund appropriations for pension systems and HB 321 transferred \$71.6 million general fund to fill the school facilities trust fund and establish a conservation district trust fund and SB 294 transferred \$10.0 million to establish a watch trust in SB 294
- J) Other includes one-time-only other house and senate and HB 2 one-time items
- K) Capital Development fund infrastructure included \$13.4 million in ongoing operations and maintenance, the remainder is OTO. Please refer to the fund balance table on page 46 for more details

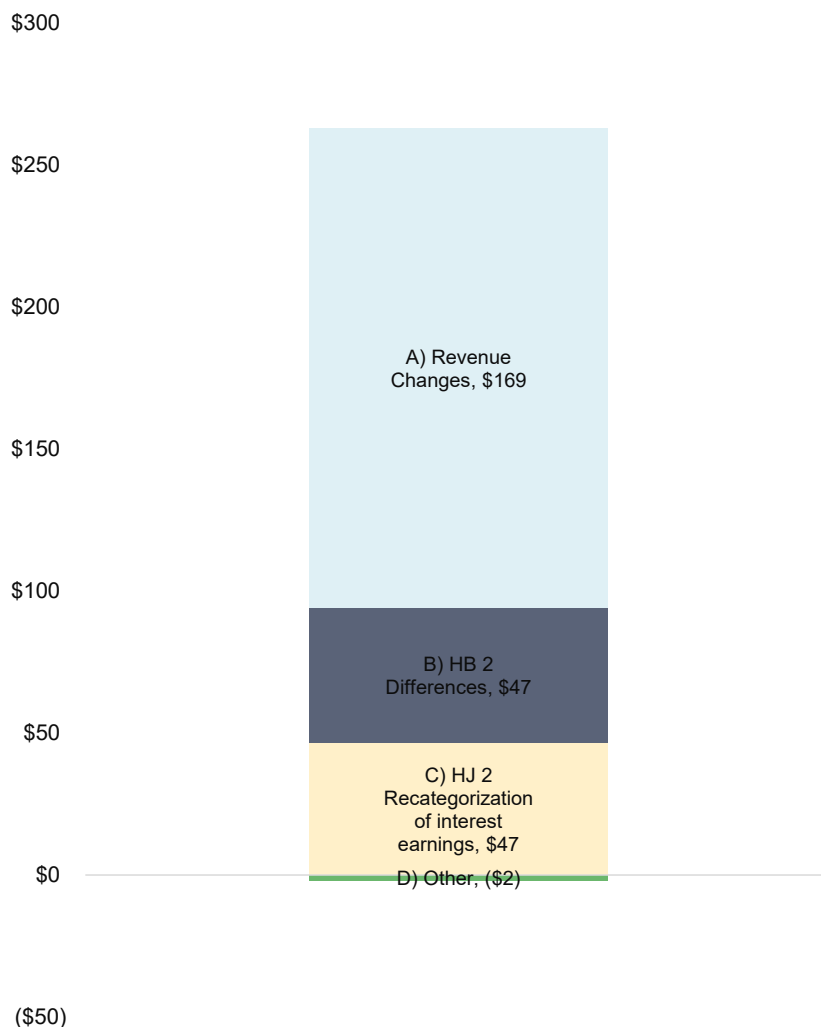
Structural Balance in FY 2025

Structural balance (ongoing revenues minus ongoing expenses) is used by the state to mitigate risk from volatile economic conditions. The state uses structural balance in the second year of the biennium as an indicator of strength for the next budget cycle.

The legislative session started with an estimated structural balance in FY 2025 of \$748.3 million with estimated revenues and present law expenditure estimates that include inflation with only present law adjustments and inflationary items. The legislature adopted items that reduced this structural balance to \$487.6 million. The primary reasons for the \$260.4 million reduction are the following:

- A) \$168.9 million in reduced revenue collections, the bulk of which comprise income tax reductions passed in SB 121;
- B) \$47.4 million in adjustments to ongoing HB 2 & other house and senate bills ongoing impacts, the largest of which is the property tax reduction in HB 587 resulting from increased state share of school funding and higher provider rate increases;
- C) \$46.6 million in estimated interest earnings that were recategorized as one-time-only (lowering structural balance); and D) Other. The components are shown in the chart below and further described in the writing.
- D) Other, (\$1.8) million

Session began with an estimated \$748.3 million structural balance. This chart shows the legislative decision categories for changes to the structural balance to finish session with an estimated \$487.9 million structural balance.



GENERAL FUND BALANCE THROUGH 2025 BIENNIUM

As mentioned on the previous page, the general fund ending balance is estimated at \$539.3¹ million for FY 2025, which is well above statutory recommended minimum levels. The high ending fund balance in FY 2025 is the result of 1) legislative decisions to ensure state finances could withstand an economic downturn that statistically occurs once every twenty years; and 2) Governor's vetoes that were not overturned by the legislature.

¹ Please note: At the time the table was produced, bill statuses in the LAWS system were not final, as a result, discrepancies may have occurred.

07/15/23

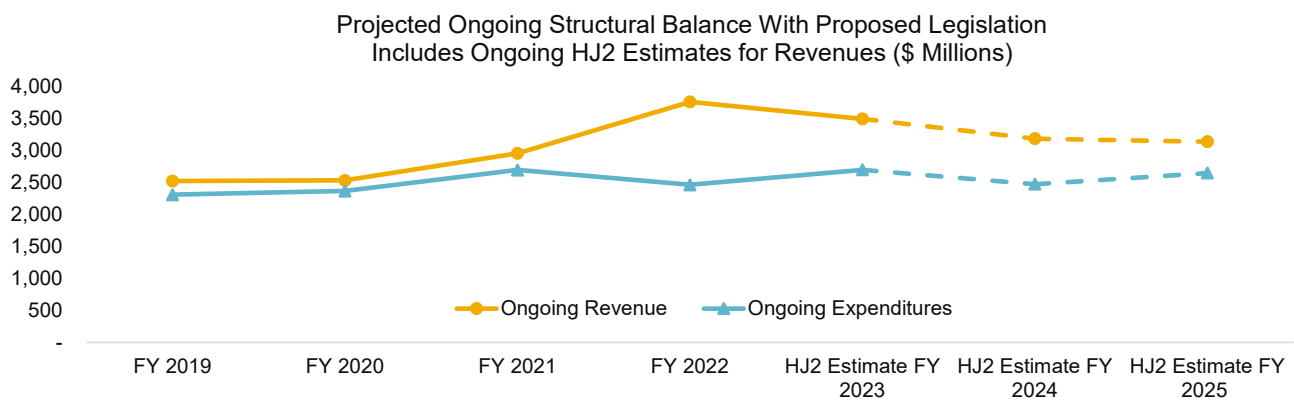
General Fund Balance Sheet
Includes HJ 2 Revenue Forecasts
(\$ Millions)

	Actual FY 2022	HJ 2 Revenue Forecast FY 2023	HJ 2 Revenue Forecast FY 2024	HJ 2 Revenue Forecast FY 2025
Beginning Fund Balance	\$720.0	\$1,847.1	\$754.7	\$427.8
Revenues				
Actuals & HJ 2 Ongoing Revenue Forecasts	3,755.7	3,490.1	3,635.4	3,736.0
Proposed Ongoing Revenue Legislation		0.0	(457.3)	(604.3)
One-Time-Only (OTO) Actuals & HJ 2 Revenue Forecast	135.9	310.2	74.7	46.6
Proposed One-time-Only Revenue Legislation		(101.4)	(130.2)	(101.3)
Total Funds Available	4,598.1	5,546.0	3,877.2	3,504.8
Adjustments	(0.8)			
Accounting Adjustment	(12.8)			
Expenditures - Ongoing				
Statutory Appropriations	302.9	319.4	326.6	334.2
General Fund Transfers	18.3	16.4	18.0	16.8
Ongoing Transfers for HB 2 State Special Appropriations	5.2	5.3	5.4	5.5
HB 2 Agency Budgets	2,121.9	2,330.0	2,084.2	2,199.9
Health Benefits - State, Ongoing (related to HB 424 transfer)			5.9	5.9
Health Benefits - University System, Ongoing (related to HB 424 transfer)			2.3	2.3
HB 2 Language Appropriations		2.0	1.9	1.9
HB 1 Feed Bill (includes estimates for 2025 session)	2.2	12.1	3.3	13.4
Proposed New Ongoing Bills		0.0	28.9	72.9
Previous Approp Bills	10.8	15.0		
Reversions		(8.1)	(8.6)	(9.0)
Ongoing Expenditures	2,461.3	2,692.2	2,468.0	2,643.8
One-Time-Only (OTO)				
HB 2 Agency Budgets (inc. RMT rate holiday)	18.6	14.8	40.7	24.2
Health Benefits - State, OTO			(5.9)	(5.9)
Health Benefits - University System, OTO			(2.3)	(2.3)
HB 2 Enhanced COVID 6.2% FMAP Estimated Savings		(62.8)		
Proposed New OTO Bills		1,611.5	949.0	305.7
Previous Approp Bills, Carryforward & ATs	2.6	8.6		
Fire Fund Transfers	35.4	7.7		
Other Transfers	234.9	519.4		
Prior Year Adjustment	(4.7)			
Total Expenditures	2,748.0	4,791.3	3,449.5	2,965.5
Accounting Adjustments	4.3			
Accounting Adjustments, April 2023	7.3			
Ending Fund Balance	\$1,847.1	\$754.7	\$427.8	\$539.3
Structural Balance	\$1,294.4	\$797.8	\$710.1	\$487.9

HB 2 language contains contingent and coordination language between multiple bills and HB 2, which post session have been added to agency budgets (IBARS). Multiple other house and senate bills contained coordination and contingent language, which impacted general fund.

Structural Balance

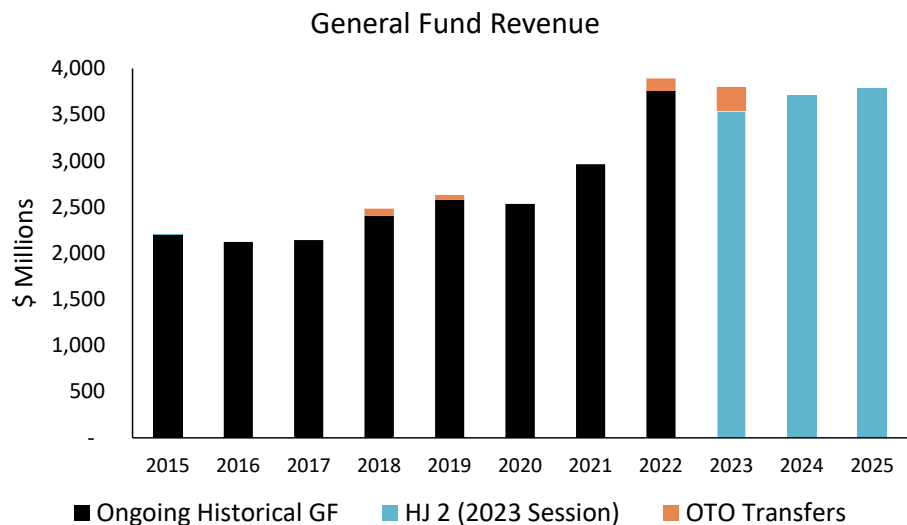
As stated above, the estimated structural balance at the end of the 2023 Legislative Session was \$487.9 million for FY 2025. This projected 2025 biennium structural balance provides a solid financial start to the 2027 biennium budgeting process as ongoing revenues will be anticipated to be well above ongoing expenditures.



In addition to the HJ 2 forecast, the LFD compared anticipated State Personal Income to historical levels of general revenue. This comparison indicated that the HJ 2 revenue estimate is higher than the usual levels of revenue collections relative to State Personal Income. This caused the legislature to be uncertain of the long-term nature of the discrepancy between unusually elevated revenues due to pandemic related federal stimulus and chose to not commit nearly 16.0% of the HJ 2 ongoing revenue estimate to ongoing expenses. This will aid future legislatures in addressing future budget needs.

GENERAL FUND REVENUES THROUGH THE 2025 BIENNIUM

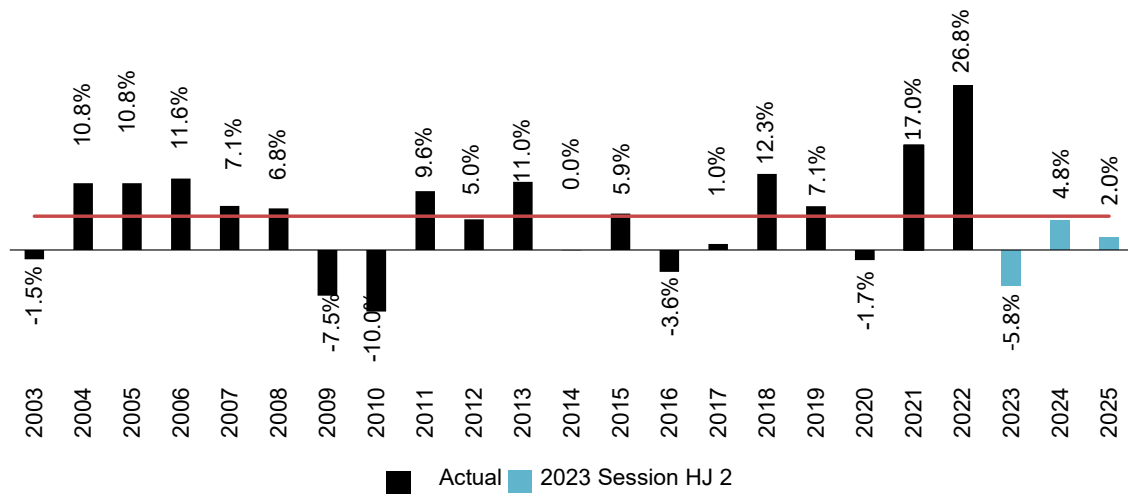
In FY 2021 and FY 2022 Montana experienced extremely strong general fund revenue growth. The strong growth was primarily driven by significant amounts of pandemic-driven federal stimulus and a stock market surge, as well as high inflation rates. As federal aid has largely ended, and inflation has slowed in recent months, revenues are expected to remain relatively flat over the next biennium, though still at high levels.



The chart above illustrates general fund revenue collections since FY 2015 and forecast levels through the 2025 biennium. These amounts are the adopted HJ 2 estimates and do not include legislative impacts. Legislative impacts on the revenue estimate are addressed later in this report.

The bar chart on the next page shows historical general fund year-over-year growth rates as well as growth rates associated with the HJ 2 estimate. Currently, ongoing HJ 2 revenues are anticipated to decrease by 5.8% in FY 2023 and then grow by 4.8% in FY 2024, and 2.0% in FY 2025. The average growth of general fund revenue between FY 2000 and FY 2022 is 5.47%. The growth anticipated in HJ 2 is modest in comparison to this long-term trended growth rate.

Ongoing General Fund Revenue Growth



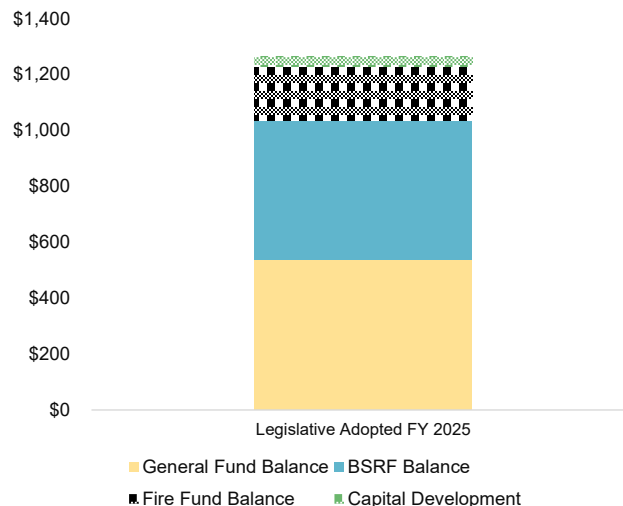
FY 2023 Revenues Likely to Exceed Forecast, But Revenue Risk Remains for FY 2024 and FY 2025

The underlying economic data used in the revenue estimating process assumed that the United States would experience a mild recession in early CY 2023, driven primarily by rising interest rates. At this point, a recession has not materialized and, due to a strong first half of FY 2023, it is likely that FY 2023 revenues will be stronger than what was assumed in HJ 2. Underlying economic data used by the LFD now predicts slow economic growth, as opposed to a recession in the coming years. However, volatility of revenue streams and slowing tourism remain, and the timing of revenue trends is difficult to predict. As a result, the accuracy of the three-year total estimate is often better than any one year.

STATE FINANCIAL TOOLS FOR MANAGING FINANCES

In addition to the general fund balance of \$539.3 million, other financial tools are available for managing volatility in revenues and expenditures, like the budget stabilization reserve fund, the wildfire suppression fund, and the capital development fund. The following graphic shows the estimated reserve balances. The checkered items, fire fund, and capital development fund, while still available for the legislature to appropriate for use in a financial crisis, the legislature generally intends to appropriate those funds for the purpose they were intended.

This chart shows the legislatively adopted estimated state financial reserves for FY 2025.



Reserve Balance Transfers and Use

Wildfire Suppression Fund

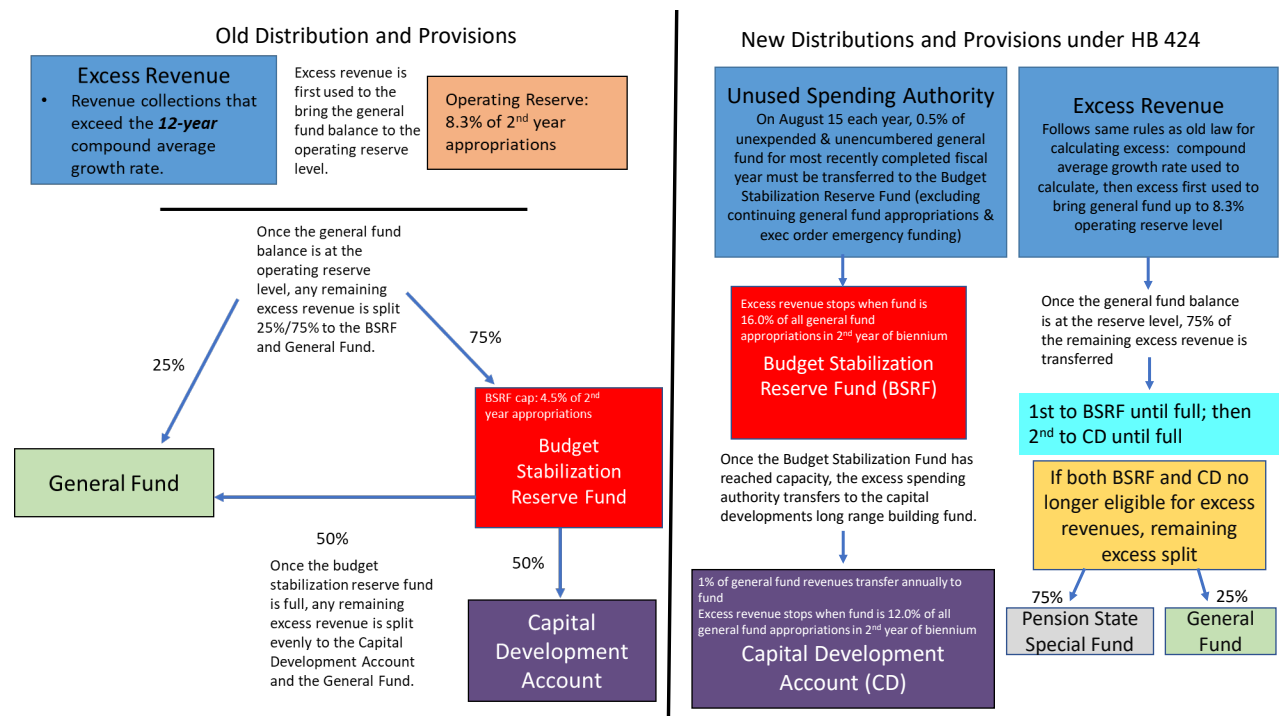
The legislature authorized through [HB 883](#) a one-time-only transfer of \$152.0 million from the state general fund to the wildfire suppression state special fund. In addition, the legislation directed support for fire preparedness through a temporary (during the 2025 biennium only) statutory appropriation up to 0.5% of all general revenue appropriations² in the second year of the biennium.

Further, in even-numbered years, if the state general fund ending fund balance exceeds 8.3% of operating reserve, then the state treasurer is authorized to transfer general fund to the wildfire suppression up to 6.0% of all general revenue appropriations in the second year of the biennium, provided the general fund does not dip below its recommended operating reserve.

In odd-numbered years, if the wildfire suppression fund exceeds 3.0% of all general fund appropriations in the second year of the biennium, then up to 1.0% may be used and is statutorily appropriated from the wildfire suppression fund for collaborative support for fire suppression costs; fuel reduction and mitigation; forest restoration; grants to county cooperatives for fire suppression equipment; federal lands forest management; collaborative support; road maintenance on federal lands; and fire preparedness.

Budget Stabilization (BSRF), Capital Development (CD), and Pension State Special Reserve Funds

[HB 424](#) adopted by the legislature modified the state reserve balance capacities and altered the flow to the reserve funds. The following table shows the old distribution and the new distribution.



Utilization Details for the BSRF, the CD Fund, and the New Pension State Special Fund

The 2023 Legislature altered the provisions for utilization of the budget stabilization reserve fund and the capital development fund. In addition, HB 424 established a pension state special fund.

² "General fund revenues" meaning defined in 17-7-102, Montana Code Annotated.

Budget Stabilization Reserve Fund (BSRF)

In times of economic volatility, if the Governor's Budget Director certifies a projected general fund deficit, the Governor may authorize transfers from the BSRF to the state general fund of \$3 for every \$1 of state budget reductions but may not authorize a transfer if the BSRF is below 6.0% of all general fund appropriations in the second year of the biennium.

The legislature provided a one-time-only state general fund transfer of \$377.0 million to the budget stabilization fund by the end of FY 2023. This brings the balance of the BSRF to approximately \$496.0 million in FY 2023 and without any financial crisis would remain in the fund for when the legislature returns in 2025.

Capital Development

The 2023 Legislature more clearly defined when the capital development fund may be used to retire debt, forego, or reduce general obligation bonds paid by the general fund, or pay down the principal, interest, and premiums. The legislature further defined when the CD could be used for costs and fees associated with redeeming or defeasing outstanding general obligation bonds paid by the general fund. The forecasted ending fund balance for FY 2025 is \$33.7 million.

Establishment of the Pension State Special Fund

The 2023 Legislature established a new pension state special revenue account that may receive excess general fund revenues as described in the graphic above. Funds may be transferred to state-administered pension systems. When reserves are needed, the legislature authorized transfers from the pension state special fund to the BSRF, wildfire suppression fund, the capital development fund, or other.

ADOPTED GENERAL FUND HB 2 BUDGET

STATEWIDE

Pay Plan

The legislature adopted HB 13 the state pay plan, which provided authority to increase state employee base salaries by 4.0% or \$1.50/hour. depending on whichever is greater on July 1, 2023 and July 1, 2024.

The plan provided a one-time bonus to state employees, \$1,040 for full-time or \$780 for part-time (20 hours+) or \$520 for less than 20 hours a week.

The bill also removed the state general election holiday for Executive Branch employees and replaced it with a floating holiday. Legislative and Judicial Branch employees were exempt from the floating holiday.

Vacancy Savings

The legislature imposed a 4.0% [vacancy savings](#) on executive agencies with an additional 1.0% added to select executive agencies. Per statute, agencies with less than 20.00 full-time equivalents (FTE) are exempt, as is the School for the Deaf and Blind. For additional information on FTE, please refer to page 63.

GENERAL GOVERNMENT

The legislative general fund budget is \$74.9 million higher than the 2023 biennium legislative budget for general government agencies. This primary difference is the adopted present law general fund increases of approximately \$30.9 million for the biennium for the statutorily required transfers to the capital development fund for state infrastructure projects and maintenance.

DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES (DPHHS)

The legislative general fund budget for DPHHS is \$265.0 million higher than the 2023 biennium legislative budget. This difference is primarily due to the following:

- Adopted Medicaid and non-Medicaid provider rate increases. A more detailed section on provider rates is provided later in this report
- \$56.1 million for healthcare facilities for CMS compliance and recertification and for staff and contracted staff operations

CORRECTIONS, PUBLIC DEFENDER, AND LAW ENFORCEMENT

Department of Corrections

The legislative general fund budget is \$73.8 million higher than the 2023 biennium legislative budget primarily the result of increased contracted provider rates. A more detailed section on provider rates is discussed later in this report.

Department of Justice

The legislative general fund budget is \$26.9 million higher than the 2023 biennium legislative budget. The following decisions primarily contributed to the increase:

- Present law adjustments to personal services, fixed costs and inflation
- Increase of 20.00 FTE that include attorneys, maintenance workers at the Boulder campus, investigators and agents focused on human trafficking and a sexual assault nurse examiner
- \$4.0 million one-time-only general fund for victims' services

Office of Public Defender

The legislature adopted an increase of \$14.1 million general fund compared to 2023 biennium legislative budget. Significant changes adopted by the legislature include the following:

- \$7.6 million for present law adjustments to personal services, fixed costs, and inflation
- \$1.9 million for the addition of 8.00 FTE attorney positions
- \$1.5 million to continue services on case backlogs in the Yellowstone County area
- \$1.1 million for lease cost increases

EDUCATION

Office of Public Instruction (OPI): K-12 education

The legislature adopted a HB 2 budget that is approximately \$723.9 million lower than the 2023 biennium legislative budget. This large decrease is primarily driven by a change in the source of appropriation authority for the fund switch to move the 95 mills property tax revenue from the general fund to a state special revenue account dedicated to school funding, contingent on [HB 587](#). This change has a net zero effect to the OPI budget as a whole; it increases HB 2 state special appropriations by \$861.6 million and reduces general fund appropriations by the same amount.

Office of Commissioner of Higher Education

The legislature adopted an increase of \$18.1 million general fund compared to the 2023 biennium legislative budget primarily for the following:

- Present law adjustments for personal services, fixed cost adjustments, and inflation
- \$4.5 million for the statutory calculation of the community college funding formula
- \$3.0 million for a seamless system initiative

- \$2.0 million for developing accelerated degree pathways
- One-two-free program offering two dual enrollment courses or up to six credits through the Montana University System and community colleges to all eligible students for free, \$1.4 million

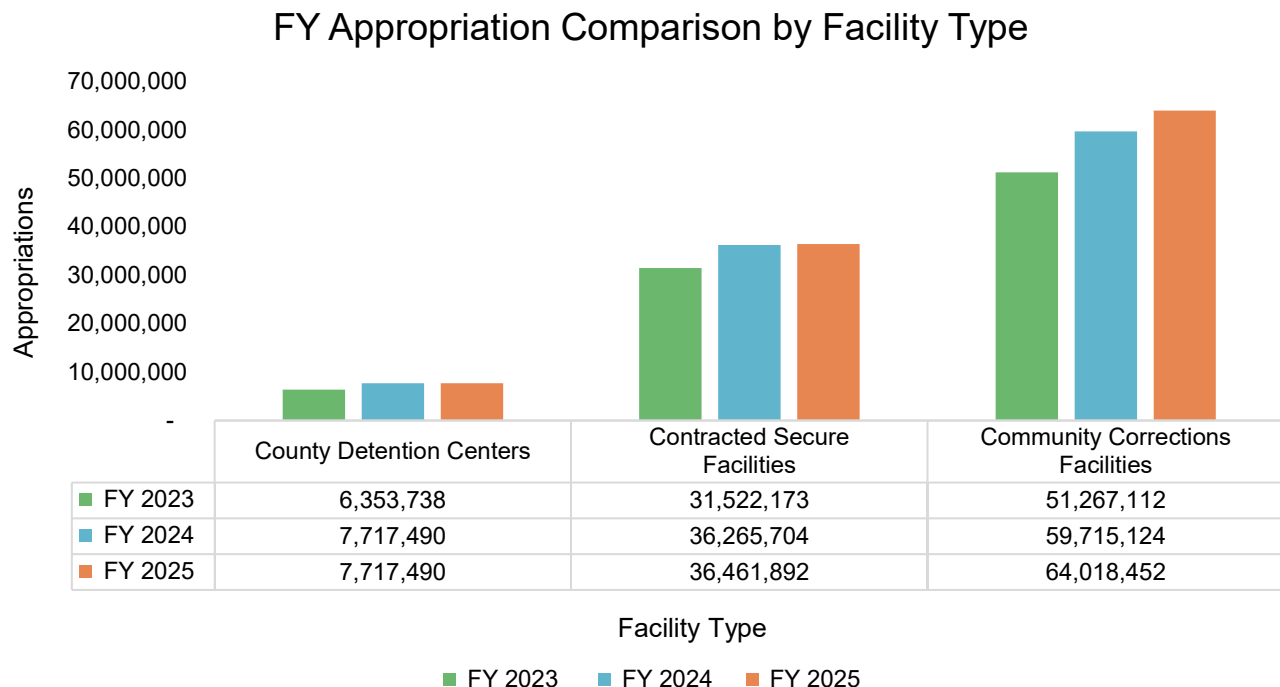
ADOPTED ALL FUNDS BUDGET

The following significant legislative actions changed existing law, provided new policy direction, and implemented infrastructure decisions.

Provider Rates

Department of Corrections

The legislature increased provider rates paid by the Department of Corrections to contracted facilities and county detention centers by \$33.6 million general fund for the 2025 biennium. This increase includes \$9.7 million for contracted secure facilities in Shelby (Crossroads Correctional Center) and Glendive (Dawson County Correctional Facility), \$2.7 million to county detention centers, and \$21.2 million for contracted treatment, pre-release, and sanctions centers. Appropriated funds are reflected in the figure below.



For contracted secure facilities within the Public Safety Division, the changes in provider rate appropriations for the 2025 biennium reflect an increase of approximately 15.4% when compared to FY 2023 base appropriations of \$31.5 million. The legislature approved general increases to provider rates of 6.0% in FY 2024 and 10.0% in FY 2025 for all contracted secure facilities which total \$4.0 million for the biennium. The legislature also adopted an additional \$5.7 million to increase rates paid to Core Civic for inmates housed at Crossroads Correctional Center to cover a daily bed rate of \$92.00.

Reimbursement rates paid to county detention centers holding state inmates were also increased in tandem with provider rates to Core Civic. The legislature adopted HB 174 which increases per diem reimbursement rates paid to county jails to \$82.00 or 90.0% of the rate paid to Core Civic for inmates housed at Crossroads Correctional Center, whichever is greater. The legislature adopted \$2.7 million

in HB 2 for the 2025 biennium for this purpose which reflects a 21.5% increase over FY 2023 base appropriations of \$6.4 million.

For contracted community facilities within the Rehabilitations and Programs Division, the new initiatives reflect an increase of 20.7% when compared to FY 2023 base appropriations of \$51.3 million. In a similar manner to contracted secure facilities, the legislature adopted \$15.1 million for general increases to provider rates of 6.0% in FY 2024 and 10.0% in FY 2025. Additionally, the legislature adopted \$6.1 million to all contracted treatment, pre-release, and transitional supervision facilities with the intent of increasing employee pay in the 2025 biennium.

Department of Public Health and Human Services

In the 2021 Session, the legislature recommended the completion of a study to analyze provider costs and wages to help the Department of Public Health and Human Services (DPHHS) make informed rate adjustment recommendations during the 2023 Session. This study looked at 18 specific provider types spanning three Medicaid divisions – Behavioral Health and Developmental Disabilities Division (BHDDD), Health Resources Division (HRD), and Senior and Long-Term Care Services (SLTC) – using survey data, national data and a comparison of peer states to establish sustainable benchmark provider rates.

Studied providers received varying rate adjustments based on how far they were from the benchmarks established in the study. These providers received \$116.3 million in FY 2024 and \$181.7 million in FY 2025 totaling \$297.9 million in all funds over the biennium. The funding for the non-studied providers receiving the 4.0% increase totaled \$31.6 million in FY 2024 and \$41.5 million in FY 2025 for an overall increase of \$73.0 million in all funds across the biennium. The table below provides further detail on where these funds were distributed based on the Medicaid status of the provider as well as the DPHHS division.

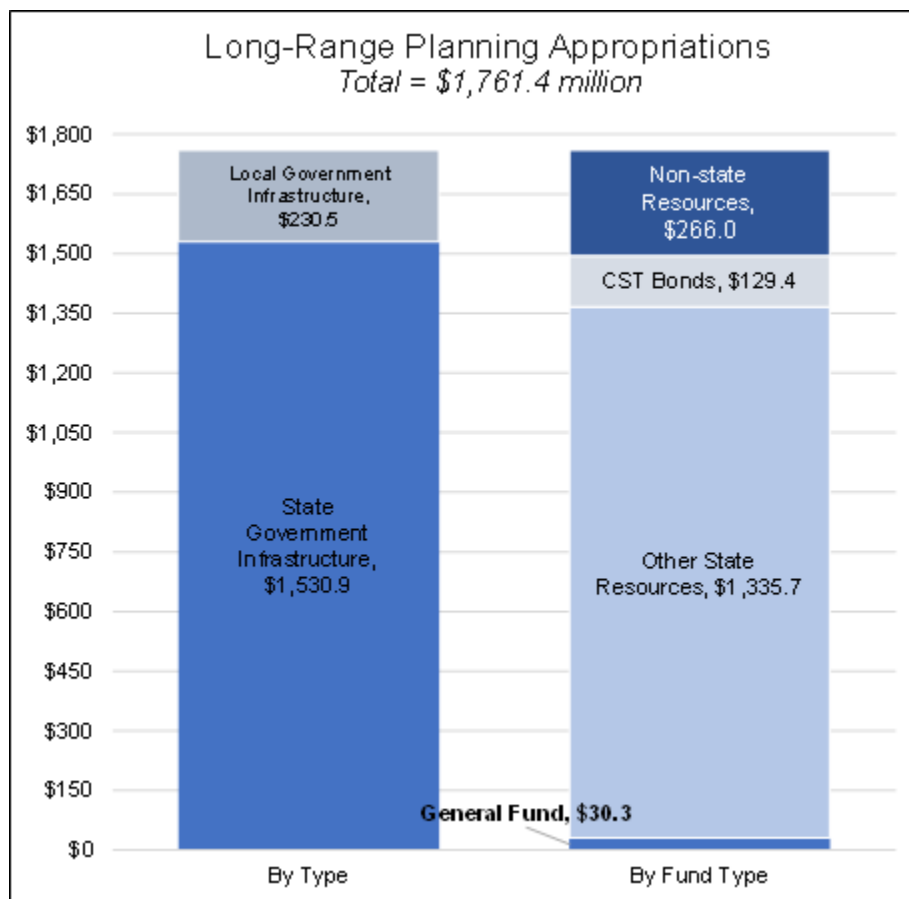
In addition, both Medicaid and non-Medicaid providers who were not included in the study received a 4.0% increase in each year of the biennium. The funding for non-studied providers was spread across the three Medicaid divisions as well as Disability and Employment Transitions Division, Child and Family Services Division, and the Early Childhood and Family Support Division.

As a result of the study, all providers received \$371.0 million in all funds over the biennium. Of that total, 70.0%, or \$259.6 million, came from federal sources. The other 30.0% was a combination of state sources. General fund accounted for \$106.9 million of the increase, and the last \$4.5 million comes from state special revenue.

Provider Rate Adjustment Funding Breakdown						
			FY 2024		FY 2025	
	Medicaid Status	Program	State Funding	Federal Funding	State Funding	Federal Funding
Studied Providers	Medicaid	BHDDD	13,882,381	27,060,802	18,550,609	35,210,465
		HRD	594,801	8,900,367	805,627	39,659,238
		SLTC	21,090,991	42,587,490	28,870,464	58,577,154
	Non-Medicaid	Multiple	1,401,535	746,268		
		Total		36,969,709	79,294,927	48,226,699
Non-studied Providers	Medicaid	BHDDD	893,894	1,882,269	1,804,195	5,630,491
		HRD	4,181,551	13,985,567	8,460,133	5,852,292
		SLTC	94,957	206,392	191,785	422,967
	Non-Medicaid	Multiple	4,019,784	6,304,742	6,533,128	12,556,413
		Total		9,190,185	22,378,970	16,989,242
Grand Total			46,159,894	101,673,897	65,215,941	157,909,020

Infrastructure Funding

The 2023 Legislature approved spending (appropriations and authorizations) of \$1,761.4 million in infrastructure funding through the Long-Range Planning budgets. The \$30.3 million of general fund consists of \$78.7 million of funding built into agency base budgets for future operations and maintenance on new state agency space, as well as grants and projects for non-state-owned facilities. Other state resources funding is \$1,335.7 million, made up of state special, federal special, and capital project appropriations. The majority, \$852.4 million, is capital project funds, which are primarily funded with transfers of general fund to the various capital project accounts. The legislature approved appropriations of \$129.4 million through the authorization of coal severance tax (CST) bond issues. Finally, the legislature authorized state agencies, primarily the university system and the Department of Corrections Correctional Enterprises, to use \$266.0 million in donations, proprietary, and various forms of university funds on state-building projects. More information on the Long-Range Planning budgets is seen in Section F of the 2023 Biennium Legislative Fiscal Report.



2025 BIENNIAL COMPARISON – 17-7-151, MCA

The biennial comparison is provided in accordance with the requirements for content and comparison to the previous biennium contained in [17-7-151, MCA](#). Compared to the 2023 biennium budget, the 2025 biennium budget grew 11.8%. The primary reasons for the increase were the following: one-time income and property tax rebates to Montana residents, one-time payoff of state general obligation debt and state liabilities, inflationary increases in federal special authority for the Department of Transportation for surface areas, statewide infrastructure projects, and provider rates increases. The table³ shows the appropriation comparison between the 2023 biennium and the 2025 biennium in greater detail.

Biennial Comparison, July 2023
(\$ Millions)

	Appropriated 2019 Biennium	Appropriated 2021 Biennium	Appropriated 2023 Biennium	Appropriated 2025 Biennium	2021 to 2023 Biennial Change	2023 to 2025 Biennial Change
Comparables						
HB 2						
General Fund	\$4,063.2	\$4,275.5	\$4,541.2	\$4,349.1	6.2%	-4.2%
State Special Revenue	1,513.2	\$1,599.4	\$1,831.5	\$2,936.7	14.5%	60.3%
Federal Special Revenue	4,531.1	\$4,392.9	\$6,195.1	\$7,182.8	41.0%	15.9%
Appropriated Proprietary	24.3	\$25.5	\$27.3	\$29.2	7.2%	7.0%
Subtotal HB 2	10,131.9	10,293.3	12,595.1	14,497.9	22.4%	15.1%
Transfers HB 2	(40.6)	(38.1)	(89.9)	(65.1)	136.3%	-27.6%
Net Subtotal HB 2	10,091.2	10,255.3	12,505.2	14,432.8	21.9%	15.4%
Statutory Appropriations						
General Fund	626.0	592.0	626.2	904.3	5.8%	44.4%
State Special Revenue	493.8	530.6	488.8	1,466.3	-7.9%	200.0%
Federal Special Revenue	1,100.6	333.1	207.9	245.5	-37.6%	18.1%
Appropriated Proprietary & Capital Projects	80.0	104.0	182.1	205.3	75.0%	12.8%
Subtotal Statutory	2,300.4	1,559.8	1,505.0	2,821.5	-3.5%	87.5%
Transfers & Debt Service Statutory	(60.7)	(57.7)	(50.8)	(20.5)	-12.1%	-59.6%
Net Subtotal Statutory	2,239.7	1,502.0	1,454.3	2,801.0	-3.2%	92.6%
Other Appropriation Bills (2023 biennium includes ARPA)						
Other Appropriation Bills (2023 biennium excludes ARPA)	397.0	2,312.9	452.7	2,071.1	-80.4%	357.5%
Net Subtotal Other Appropriation Bills (excluding ARPA)	397.0	2,312.9	452.7	2,071.1	-80.4%	357.5%
HB 2 Language Appropriations						
Transfers Language Appropriations	(102.0)	(102.0)	(116.3)	(440.6)	14.0%	278.9%
Net Subtotal Language Appropriations	223.9	227.8	235.9	18.5	3.6%	-92.1%
Total Comparables including ARPA	\$12,951.8	\$14,298.0	\$17,285.5	\$19,323.4	20.9%	11.8%
Non-Comparable						
HB 4	238.7	239	401.7	1,110.9	68.3%	176.6%
HB 3 (plus HB 835, 2023 session)	0.7	36	311.9	237.9	771.2%	-23.7%
HB 1 & other	12.8	12.1	13.0	16.5	7.6%	26.5%
2019 Biennium Adjustments						
SB 261	(45.9)	-	-	-	-	-
17-7-140	(139.2)	-	-	-	-	-
SS Reductions	(61.6)	-	-	-	-	-
Restore	45.7	-	-	-	-	-
Total 2019 Biennium Adjustments	(200.9)	-	-	-	-	-
Total Non-Comparable Items	\$826.7	\$286.6	\$727.0	\$1,365.3	153.6%	87.8%

³ Please note: At the time the table was produced, bill statuses in the LAWS system were not final, as a result, discrepancies may have occurred.

DIFFERENCES BETWEEN 2025 APPROPRIATIONS AND 2023 APPROPRIATIONS

The primary difference between the 2023 biennium to the 2025 biennium was the unprecedented availability of unassigned general fund and capital development fund balances which contributed to the 11.8% growth in appropriations compared to the 2023 biennium appropriations. The availability of these funds was driven by extra-ordinarily high general fund revenue collections in fiscal years 2021 and 2022 and nearly a 22.0% increase in federal funding for surface areas through the Infrastructure, Investment, and Jobs Act (IIJA).

The following budget highlights demonstrate the legislative appropriation choices:

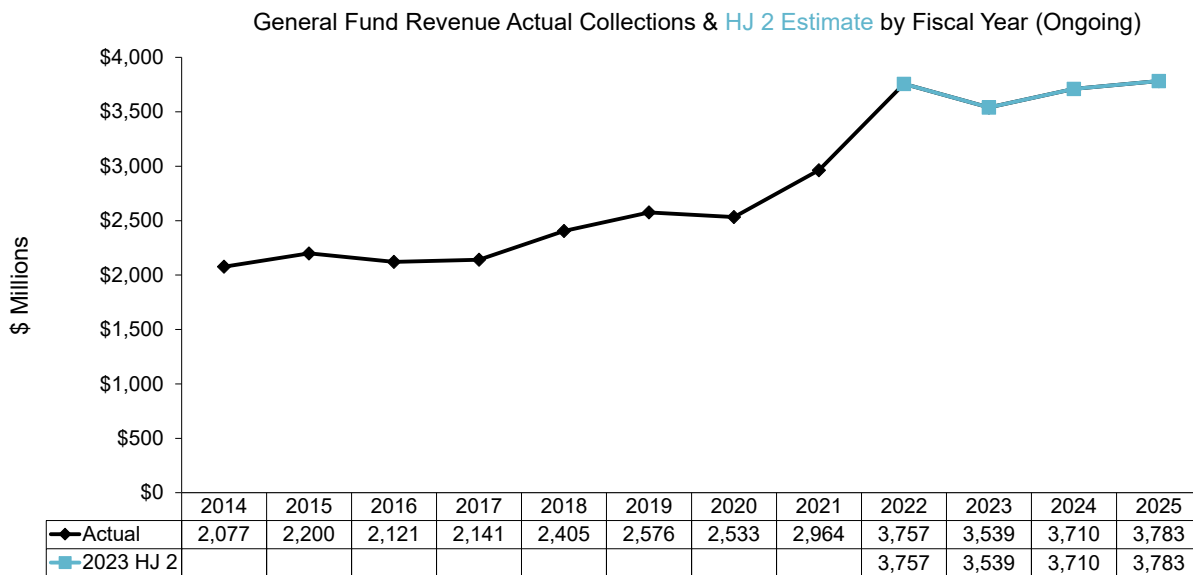
- HB 2 included increased appropriation authority to the Department of Transportation for funding provided through federal IIJA for surface area aid and construction inflation, which increased appropriation authority over the 2023 biennium budget base by 21.9%
- HB 2 inflationary labor cost increases including contracted provider rate increases
- Appropriated over \$1.2 billion in statewide capital development, water and wastewater, and information technology infrastructure projects included in this budget but will be spent far beyond the 2025 biennium
- Statutorily appropriated approximately \$900 million for one-time-only income tax and property tax rebates to Montana residents (HB 192, HB 222, HB 816)
- Statutorily appropriated one-time payoff of debt and state liabilities, estimated at \$326.5 million for the three-year period (HB 251)
- Appropriated \$260.2 million for behavioral health for future generations using a combination of capital development, state special, and federal special funds (HB 872) (some funds were set aside for future expenses and not appropriated, and therefore are not included in this number)
- Retirement systems: highway patrol, sheriffs, and game wardens received \$95.6 million in total appropriation authority (HB 569)
- Appropriated \$57.0 million for community investment planning, economic development, and grants to tribal and local governments (HB 819)

STATE REVENUE

GENERAL FUND REVENUE ESTIMATES AS ADOPTED BY THE LEGISLATURE

The revenue forecasting picture remained unchanged throughout the course of the legislative session. Monthly revenue forecasts varied very little, and ultimately the initially adopted HJ 2 was the finalized estimate.

The following chart illustrates actual collections from FY 2014 to FY 2022 and the HJ 2 estimated revenue for FY 2023 to FY 2025. Note that the estimates below have not been adjusted for the enacted legislation of the 2023 Session.



Legislative Action

The table below summarizes the general fund impacts of revenue-related legislation enacted by the 68th Legislature by revenue source. If more than one bill impacted a certain revenue source, the cumulative impact of the enacted bills is shown for each revenue source. For the three-year outlook period, the enacted legislation decreased general fund by \$1,394.5 million. However, a substantial portion of this (\$1,188.1 million) came from two separate bills, which transferred revenues to newly created state special revenue funds. The first, [HB 587](#), directed revenues from the statewide 95 mills to a newly created school equalization state special revenue fund (\$861.6 million over the biennium). The second, [HB 251](#), transferred interest income from the treasury cash account to a newly created debt and liability free account in FY 2023 through FY 2025. This legislation coupled with other bills that lowered the treasury cash balance is estimated to decrease general fund revenues by \$326.5 million over the three-year period. After excluding these two bills, enacted legislation decreased general fund revenues by \$206.4 million over the three-year period.

The table below shows the revised general fund revenue estimates by source which is the sum of HJ 2 estimates, and all enacted legislation impacts. These revised estimates are used to determine the overall financial condition of the general fund for the 2025 biennium.

General Fund Revenue Legislation Impacts of the 68th Legislature (\$ Millions)						
Source of Revenue	Estimated FY 2023	Estimated FY 2024	Estimated FY 2025	Estimated 2023 Bien.	Estimated 2025 Bien.	Estimated 3-Yr Total
Largest Seven Sources						
Individual Income Tax	-	(32.604)	(170.429)	\$0.000	(\$203.033)	(\$203.033)
Property Tax	-	(427.282)	(440.889)	-	(868.171)	(868.171)
Corporation Income Tax	-	(1.386)	3.517	-	2.131	2.131
Vehicle Taxes & Fees	-	(0.042)	(0.055)	-	(0.097)	(0.097)
Oil & Natural Gas Production Tax	-	(0.033)	(0.064)	-	(0.097)	(0.097)
Insurance Tax & License Fees	-	-	-	-	-	-
Video Gambling Tax	-	(0.402)	(0.402)	-	(0.804)	(0.804)
Other Business Taxes						
Driver's License Fee	-	-	-	-	-	-
Investment License Fee	-	-	-	-	-	-
Lodging Taxes	-	-	-	-	-	-
Public Contractors Tax	-	(0.098)	(0.100)	-	(0.197)	(0.197)
Railroad Car Tax	-	-	-	-	-	-
Rental Car Sales Tax	-	-	-	-	-	-
Telecommunications Excise Tax	-	-	-	-	-	-
Other Natural Resource Taxes						
Coal Severance Tax	-	(2.224)	(1.835)	-	(4.059)	(4.059)
Electrical Energy Tax	-	-	-	-	-	-
Metalliferous Mines Tax	-	-	-	-	-	-
US Mineral Royalty	-	-	-	-	-	-
Wholesale Energy Tax	-	-	-	-	-	-
Other Interest Earnings						
Coal Trust Interest	-	-	-	-	-	-
Treasury Cash Account Interest	(101.367)	(126.591)	(98.576)	(101.367)	(225.167)	(326.534)
Other Consumption Taxes						
Beer Tax	-	-	-	-	-	-
Cigarette Tax	-	-	-	-	-	-
Liquor Excise & License Tax	-	0.016	0.015	-	0.030	0.030
Liquor Profits	-	-	-	-	-	-
Lottery Profits	-	-	0.060	-	0.060	0.060
Marijuana Tax	-	2.706	2.708	-	5.414	5.414
Tobacco Tax	-	(0.046)	(0.045)	-	(0.091)	(0.091)
Wine Tax	-	(0.003)	(0.003)	-	(0.006)	(0.006)
Other Sources						
All Other Revenue	-	0.093	-	-	0.093	0.093
Highway Patrol Fines	-	0.435	0.435	-	0.871	0.871
Nursing Facilities Fee	-	-	-	-	-	-
Public Institution Reimbursements	-	-	-	-	-	-
Tobacco Settlement	-	-	-	-	-	-
Total General Fund	(\$101.367)	(\$587.460)	(\$705.662)	(\$101.367)	(\$1,293.123)	(\$1,394.490)

The following table shows the final HJ revenue estimate after incorporating legislative impacts of the 2023 Legislative Session.

General Fund/School Equalization Revenue: HJ 2 Estimate Plus Legislation Impacts (\$ Millions)						
Source of Revenue	Actual FY 2022	Estimated FY 2023	Estimated FY 2024	Estimated FY 2025	Estimated 2023 Bien.	Estimated 2025 Bien.
Largest Seven Sources						
Individual Income Tax	2,393.807	2,033.784	2,054.152	2,007.896	\$4,427.592	\$4,062.048
Property Tax (General Fund)	335.114	351.821	15.861	9.928	686.936	25.789
Property Tax (School Equalization) ¹			424.826	430.169		854.995
Corporation Income Tax	293.683	284.335	275.821	274.873	578.019	550.694
Vehicle Taxes & Fees	121.138	121.546	122.221	123.191	242.684	245.412
Oil & Natural Gas Production Tax	70.510	78.712	73.229	71.980	149.222	145.209
Insurance Tax & License Fees	97.940	101.387	105.838	110.608	199.327	216.447
Video Gambling Tax	77.881	80.185	83.264	86.493	158.066	169.757
Other Business Taxes						
Driver's License Fee	6.171	5.854	5.919	5.972	12.025	11.890
Investment License Fee	19.535	20.182	20.741	21.314	39.717	42.056
Lodging Taxes	46.175	51.124	57.476	61.792	97.299	119.268
Public Contractors Tax	2.840	4.196	4.203	4.297	7.036	8.499
Railroad Car Tax	4.020	4.799	5.496	5.534	8.819	11.029
Rental Car Sales Tax	6.823	8.114	7.978	8.250	14.937	16.228
Telecommunications Excise Tax	8.571	7.891	5.631	4.634	16.462	10.265
Other Natural Resource Taxes						
Coal Severance Tax	15.359	21.374	18.420	15.383	36.733	33.803
Electrical Energy Tax	3.930	3.841	3.536	3.383	7.771	6.919
Metalliferous Mines Tax	12.210	11.254	11.363	11.369	23.464	22.732
US Mineral Royalty	19.464	28.143	24.212	20.291	47.607	44.503
Wholesale Energy Tax	3.352	3.427	3.410	3.398	6.779	6.808
Other Interest Earnings						
Coal Trust Interest	16.561	17.947	18.857	19.657	34.509	38.514
Treasury Cash Account Interest ²	11.776				11.776	
Other Consumption Taxes						
Beer Tax	3.202	3.294	3.329	3.362	6.496	6.691
Cigarette Tax	27.993	27.517	26.889	26.069	55.510	52.958
Liquor Excise & License Tax	29.166	31.241	32.298	33.423	60.407	65.721
Liquor Profits	21.879	22.600	23.700	24.300	44.479	48.000
Lottery Profits	15.311	15.264	15.508	15.743	30.575	31.251
Marijuana Tax	14.238	27.401	30.681	31.815	41.639	62.496
Tobacco Tax	5.565	5.451	5.320	5.208	11.016	10.528
Wine Tax	2.573	2.641	2.696	2.757	5.214	5.453
Other Sources						
All Other Revenue	180.512	305.512	46.544	46.662	486.024	93.206
Highway Patrol Fines	3.533	3.503	3.953	3.953	7.036	7.907
Nursing Facilities Fee	3.447	3.153	2.942	2.731	6.600	5.673
Public Institution Reimbursements	13.933	8.070	7.758	7.446	22.003	15.204
Tobacco Settlement	3.426	3.342	3.327	3.312	6.768	6.638
Total General Fund & School Equalization	\$3,891.640	\$3,698.906	\$3,547.400	\$3,507.194	\$7,590.546	\$7,054.595
¹ HB 587 transferred the statewide 95 mills to a newly created school equalization account						
² HB 251 transferred TCA interest earnings to a new debt liability free account in FY 2023-2025						

The following table shows the revenue impacts of legislation enacted by the 68th Legislature summarized by bill number.

General Fund Impact of Revenue Legislation Enacted by the 68th Legislature (\$ Millions)						
Bill Number and Short Title	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	2023-2025 Total
HB0010 Long-range information technology financings and appropriations	-	(\$1.095)	(\$1.765)	-	-	(\$2.860)
HB0013 State Employee Pay Plan and revising laws governing state employees	-	(0.661)	(1.293)	-	-	(1.954)
HB0026 Generally revise highway use laws	-	-	-	-	-	-
HB0038 Generally revise theft laws to enumerate theft of a light vehicle	-	0.430	0.430	0.430	0.430	0.860
HB0048 Generally revise alcohol laws, including storage depots	-	0.005	0.005	0.005	0.005	0.010
HB0068 Generally revise laws related to beer and wine licenses	-	-	0.009	0.009	0.009	0.009
HB0097 Generally revise laws related to alcohol	-	0.010	-	-	-	0.010
HB0136 Adopt Montana Revised Unclaimed Property Act	-	-	-	-	-	-
HB0188 Extend funding to Coal Board	-	(2.224)	(1.835)	(1.793)	(1.735)	(4.059)
HB0189 Revise property tax assistance program	-	-	(2.494)	(2.739)	(2.804)	(2.494)
HB0192 Use surplus revenue for income tax and property tax refunds and payment of bonds	-	(7.845)	(8.098)	1.631	-	(15.944)
HB0212 Increase business equipment tax exemption	-	(1.008)	(1.325)	(1.356)	(1.387)	(2.333)
HB0221 Revise income tax rates for net-long term capital gains	-	0.534	2.780	2.452	0.897	3.314
HB0222 Provide rebates of property taxes paid on a principal residence	-	(2.313)	(3.677)	-	-	(5.990)
HB0224 Revise vehicle registration law regarding military personnel	-	(0.030)	(0.030)	(0.030)	(0.030)	(0.060)
HB0225 Establish adoption tax credit	-	(3.255)	(2.170)	(2.170)	(2.170)	(5.425)
HB0245 Revise tax credit for trades education and training	-	(0.819)	(0.819)	(0.819)	(0.819)	(1.639)
HB0251 Provide budget stability through investment and liability reduction	(101.367)	(98.556)	(65.204)	-	-	(265.127)
HB0262 Revise local government financial reporting and audit requirements	-	-	-	-	-	-
HB0267 Create SAFER account for federal highway grants	-	(2.080)	(1.695)	-	-	(3.775)
HB0297 Revise video gambling machine taxes to allow a deduction for negative income	-	(0.402)	(0.402)	(0.402)	(0.402)	(0.804)
HB0321 Generally revise laws related to the coal trust	-	(1.357)	(1.212)	-	-	(2.569)
HB0325 Revise eligibility for disabled veteran property tax assistance program	-	-	-	-	-	-
HB0333 Generally revise motorized recreation laws	-	(0.020)	(0.041)	(0.041)	(0.041)	(0.061)
HB0374 Create offense for failure to yield to an emergency vehicle	-	0.005	0.005	0.005	0.005	0.011
HB0408 Revise student scholarship organization and innovative education tax credits	-	-	(5.200)	(6.240)	(5.088)	(5.200)
HB0424 Generally revise sustainability of state finance and provide for transfers	-	(0.437)	(0.480)	-	-	(0.917)
HB0485 Revise tax rates for stripper oil production	-	(0.033)	(0.064)	(0.065)	(0.075)	(0.097)
HB0519 Authorize digital drivers licenses through a mobile application	-	-	-	(0.001)	(0.001)	-
HB0569 Generally revise pension laws	-	(1.988)	(1.620)	-	-	(3.608)
HB0587 Generally revise school finance laws related to property taxes	-	(426.054)	(435.529)	(468.072)	(478.887)	(861.583)
HB0816 Revise distribution of surplus revenue	-	(1.599)	(2.299)	-	-	(3.898)
HB0819 Create Montana community reinvestment act to fund workforce housing	-	(3.442)	(2.962)	-	-	(6.405)
HB0835 Create Medicaid and 24/7 contingency fund	-	(0.881)	(0.718)	-	-	(1.599)
HB0840 Revise tobacco tax allocation for state veterans' nursing homes	-	-	-	(0.135)	(0.374)	-
HB0856 Generally revise capitol complex administration laws	-	(1.040)	(0.847)	-	-	(1.887)
HB0872 Provide funding for behavioral health system for future generations	-	(1.976)	(2.440)	-	-	(4.416)
HB0881 Generally revise economic development laws	-	-	-	(0.336)	(0.322)	-
HB0903 Generally revise marijuana laws	-	2.849	2.849	2.849	2.849	5.698
HB0948 Revise marijuana laws regarding synthetic marijuana products	-	(0.143)	(0.141)	(0.143)	(0.145)	(0.284)
SB0003 Revise forest land taxation laws	-	(0.125)	(0.167)	(0.214)	(0.264)	(0.292)
SB0020 Generally revise laws related to alcohol	-	(0.003)	(0.003)	(0.003)	(0.003)	(0.006)
SB0054 Revise centrally assessed property appraisals	-	-	(0.874)	(1.061)	(0.918)	(0.874)
SB0080 Authorize investment authority for retained interest	-	(0.009)	(0.007)	(0.006)	(0.006)	(0.016)
SB0093 Generally revising ballot issues	-	0.093	-	0.093	-	0.093
SB0104 Exempt retired military pensions from state income tax	-	(0.831)	(4.350)	(4.547)	(4.741)	(5.181)
SB0121 Reduce top marginal income tax rate and increase EITC	-	(28.560)	(162.554)	(168.477)	(179.742)	(191.114)
SB0122 Revise cigar tax based on a fixed amount per cigar	-	(0.046)	(0.045)	(0.044)	(0.043)	(0.091)
SB0124 Revise corporate income tax apportionment	-	-	4.884	16.422	17.608	4.884
SB0221 Allow USS Montana crew to apply for license plates	-	0.008	0.016	0.015	0.015	0.024
SB0246 Revise corporate income tax water's-edge election laws	-	(1.386)	(1.357)	(1.378)	(1.404)	(2.743)
SB0253 Revise contractor's gross receipts tax	-	(0.098)	(0.100)	(0.102)	(0.105)	(0.197)
SB0264 Revise airport all-beverage license laws	-	0.000	0.000	0.000	0.000	0.001
SB0303 Revise withholding penalties for certain taxes	-	0.893	0.893	0.893	0.893	1.785
SB0506 Increase and repeal termination of Montana charitable endowment tax credit	-	-	(0.286)	(0.297)	(4.707)	(0.286)
SB0530 Generally revise taxation of new, expanded, or improved industrial property	-	(0.095)	(0.500)	(0.720)	(0.950)	(0.595)
SB0535 Revise lottery laws relating to the board of horseracing	-	-	0.060	0.064	0.065	0.060
SB0536 Provide funding for local government road maintenance	-	(1.560)	(1.271)	-	-	(2.831)
SB0550 Generally revise income tax laws and clarify income tax reform provisions	-	(0.316)	(1.720)	(1.761)	(1.806)	(2.037)
Total	(\$101.367)	(\$587.460)	(\$705.662)	(\$638.084)	(\$666.191)	(\$1,394.490)

General Fund Revenue Bill Highlights

This section provides a summary of each enacted bill that impacts general fund and selected non-general fund sources estimated by the legislature. Detailed information for each general fund and selected non-general fund revenue sources can be found in [“2025 Biennium Fiscal Report: Volume 2.”](#) Each source includes a description, the applicable tax or fee rates, distribution mechanisms, and

estimating methodology. A legislation impact table (if applicable) summarizes all bills that impact that source of revenue.

[HB 38](#) increases the fine amount for light vehicle theft from \$10,000 to \$50,000.

[HB 48](#) generally revises alcohol laws, including storage depots. It allows wineries and distilleries to operate storage depots for storing alcoholic beverages for a \$400 annual license fee.

[HB 68](#) creates an on-premises consumption beer and wine license rather than an on-premises consumption beer license with the option to add a wine amendment.

[HB 97](#) adds clarifying language for winery taxes and liquor price reductions, revises the definition of a small brewery, and requires the Department of Revenue approval and a fee for additional buildings to be used to serve alcoholic beverages on a golf course.

[HB 188](#) extended the 5.8% allocation of coal severance tax to the Coal Board indefinitely. Originally, this allocation was set to be reduced to 2.9% on July 1, 2023.

[HB 189](#) increases the market value cap for homes in the property Tax Assistance Program (PTAP) from \$200,000 to \$350,000 and indexes the cap to the median home value withing the PTAP program.

[HB 192](#) transfers \$480 million from the general fund to a state special revenue account administered by the Department of Revenue for an income tax rebate. Any remaining money will be transferred back to the general fund in FY 2026.

[HB 212](#) increases the class 8 business equipment property tax market value exemption from \$300,000 to \$1,000,000.

[HB 221](#) replaces the present law 30% net long-term capital gains deduction set to take effect in TY 2024 with two separate capital gains tax rates: 3.0% and 4.1%.

[HB 222](#) provides a rebate of up to \$500 for Montana property taxes paid in TY 2022 and again for taxes paid in TY 2023. Taxpayers who receive a rebate and itemized their federal income tax deductions for TY 2022 may need to report a portion of taxable income for TY 2023. This may reduce their Montana income tax liability because of a larger federal liability.

[HB 224](#) allows Montana residents on active military duty who entered service from outside the state to apply for a waiver of motor vehicle registration fees.

[HB 225](#) creates a state refundable individual income tax credit for taxpayers who legally adopt a child. The state credit is \$7,500 if the adopted child was in the state foster care system and \$5,000 for all other adoptions.

[HB 245](#) expands the Trades Education and Training tax credit to include additional occupations and industries and to extend the expiration date of the credit to December 31, 2028.

[HB 251](#) establishes a state special revenue account known as the debt and liability free account. All interest income generated from the Treasury Cash Account in FY 2023, FY 2024, and FY 2025 will be transferred to this account.

[HB 297](#) revised video gambling machine taxes to allow a deduction for negative income.

[HB 321](#) established a conservation district fund and coal board fund within the coal tax trust fund. The new conservation district fund will receive 65% of the coal severance tax revenue deposited into the coal tax trust fund beginning in FY 2024.

[HB 325](#) specifically defines several unusual circumstances the Department of Revenue (DOR) must consider when a qualified veteran has income in a year that reduces their benefit or disqualifies them from the Montana Disabled Veteran (MDV) program.

[HB 333](#) changes the fee schedule for travel trailers and boats of certain lengths.

[HB 374](#) creates an offense for failure to yield to an emergency vehicle and increases fines.

[HB 408](#) increases the tax credit caps available under the Innovative Educational Program (IEP) public-school tax credit and the Student Scholarship Organization (SSO) program for non-public schools.

[HB 485](#) lowers tax rates on three types of stripper wells and reinstates a \$30 per barrel price trigger for post-1999 wells with output between 3 and 15 barrels per day to qualify as stripper wells.

[HB 519](#) authorizes the use of digital driver's licenses.

[HB 587](#) established a school equalization and property tax reduction account state special revenue fund and directed revenues from the school equalization levies (95 mills) to be deposited in this account.

[HB 816](#) provides a supplemental property tax rebate in FY 2024 and FY 2025. Like in HB 222, those taxpayers who itemize at the federal level may see a reduced state income tax liability.

[HB 840](#) - Revise tobacco tax allocation for state veterans' nursing homes: Revises the minimum allocation to veterans' nursing homes from \$4.0 million to \$5.0 million.

[HB 881](#) extended the distribution of coal severance tax funds to the big sky economic development fund through June 30, 2035. This allocation was originally set to sunset at the end of FY 2025, at which point its allocation would have reverted to the coal permanent fund.

[HB 903](#) revises the dispensary fee structure to increase the to increase the fee for each additional location and the combined-use marijuana license laws to allow cultivators to step up multiple tiers at a time and set the combined-use license fee in code at \$7,500.

[HB 948](#) creates a synthetic marijuana products advisory council to be established by the Department of Revenue.

[SB 3](#) revised property taxation of class 10 forest land.

[SB 20](#) revises laws related to alcohol and removes the \$0.01/liter tax assessed on table wine sold to an agency liquor store.

[SB 54](#) instituted a two-year reappraisal cycle for most centrally assessed property, all of which are currently appraised annually.

[SB 80](#) authorizes the Department of Commerce to retain interest earned on funds deposited in the GAP financing program state special revenue account.

[SB 93](#) establishes a nonrefundable fee of \$3,700 for proponents filing statutory initiatives, statutory referendums, constitutional initiatives, and constitutional convention initiatives.

[SB 104](#) exempts, for up to five years, a portion of certain military retirement pay from Montana personal income tax for taxpayers who become residents of the state after June 30, 2023, or who were a resident of the state before receiving military retirement income and remained a resident.

[SB 121](#) reduces the top personal income tax rate from 6.5% to 5.9% and increases the state Earned Income Tax Credit (EITC) rate from 3% of the federal credit to 10%.

[SB 122](#) revises cigar taxes based on a fixed amount per cigar: Defines premium cigars and revises the tax to be 50% of the wholesale price or \$0.35 per cigar, whichever is less.

[SB 124](#) changes the multi-state tax apportionment from a three factor with double-weighted sales apportionment, to a single factor apportionment based on sales.

[SB 221](#) allows persons who are currently serving, or who have previously served, aboard the USS Montana to title and register a vehicle in Montana and apply for USS Montana specialty plates.

[SB 246](#) eliminates the list of countries considered tax havens that under current law are included in the tax base of corporations that elect water's edge filing status for Montana corporate income tax.

[SB 253](#) raises the value of contracts that are exempt from the contractor's gross receipts tax from \$5,000 to \$80,000.

[SB 264](#) revises airport all-beverage license laws: revises laws pertaining to airport all-beverage licenses by decreasing annual passenger requirement, allowing licensee to lease their license to up to 3 individuals or entities and allowing each lease to be based on a percentage of alcoholic beverage sales.

[SB 303](#) increases fines for not filing necessary wage withholding or mineral-royalty withholding annual statements with the Department of Revenue.

[SB 506](#) increases the maximum charitable endowment credit amount from \$10,000 to \$20,000 starting in TY 2024.

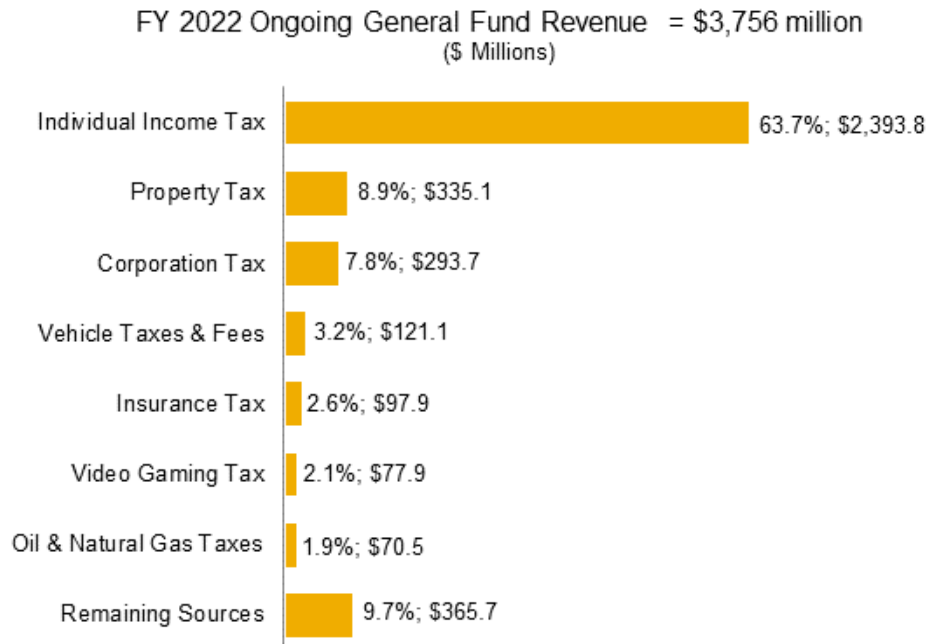
[SB 530](#) created an exemption for property used in a manufacturing process.

[SB 535](#) revised lottery laws relating to the board of horseracing. This bill terminates the special raffle or lottery game for the benefit of the Board of Horse Racing.

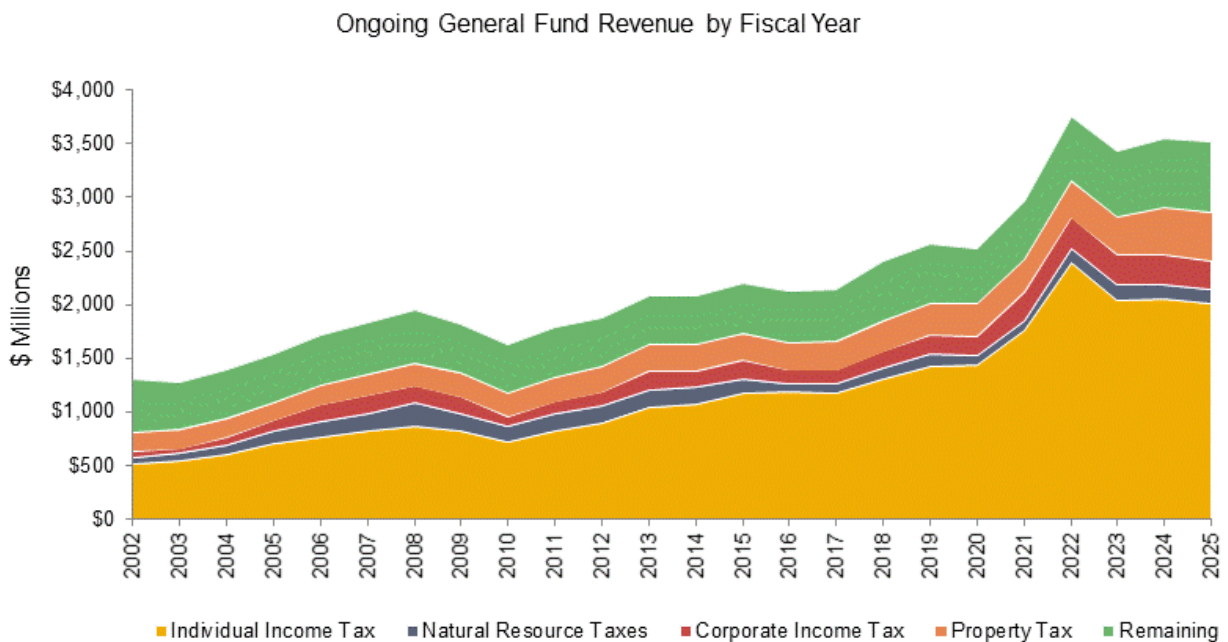
[SB 550](#) makes several changes to Montana's personal income tax language. It also extends and expands the Montana Medical Savings Account personal income tax exemption.

GENERAL FUND REVENUE

The largest seven sources of general fund revenue in FY 2022 were individual income tax, property tax, corporation income tax, oil and natural gas taxes, vehicle taxes, insurance tax, and video gambling tax. In FY 2022, these sources accounted for 90.3% of ongoing general fund revenue.



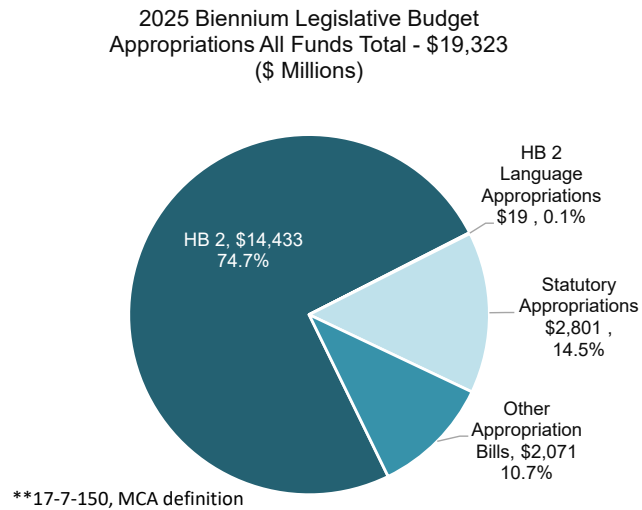
General fund growth for the past decade has been led by the growth in individual income tax, as illustrated in the following chart. In FY 2010 individual income tax accounted for 44.0% of total general fund revenue and its share had grown to 63.7% by the end of FY 2022. In the upcoming biennium, the share is expected to decrease, partially due to recent legislation that reduced individual income tax rates. However, its share is still expected to remain larger than years prior to FY 2021. Note that even though HB 587 shifted the statewide 95 mills to a state special fund, they are still included in the graph below.



STATE EXPENDITURES

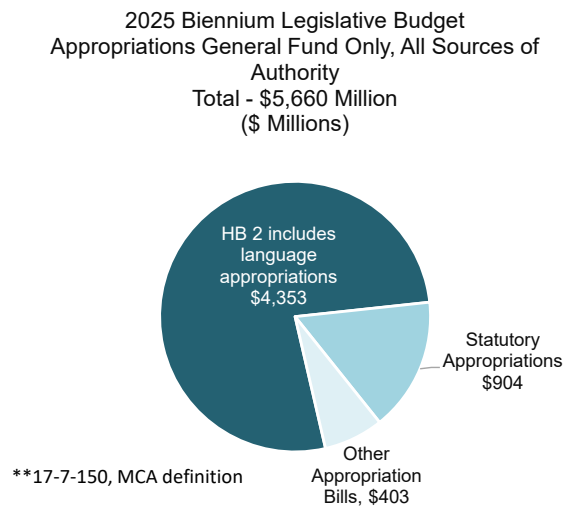
SPENDING BY SOURCE OF AUTHORITY

The chart below shows the entire legislative budget broken down by source of authority. The charts use the [state resources definition](#) and **do not include non-comparable appropriations like HB 1, HB 3 (or any other supplemental appropriations), and HB 4**, and transfers that are appropriated elsewhere in state government are eliminated.



General Fund

The following figure shows the general fund budget approved by the legislature by appropriation source of authority. HB 2 is the largest component of general fund costs, followed by statutory appropriations, which are primarily pension payments and local government entitlement share expenditures. ***This pie chart does not include non-comparable appropriations like HB 1 and supplemental appropriations like HB 3 and HB 835 (2023 session).***



HB 2 – Language Appropriations

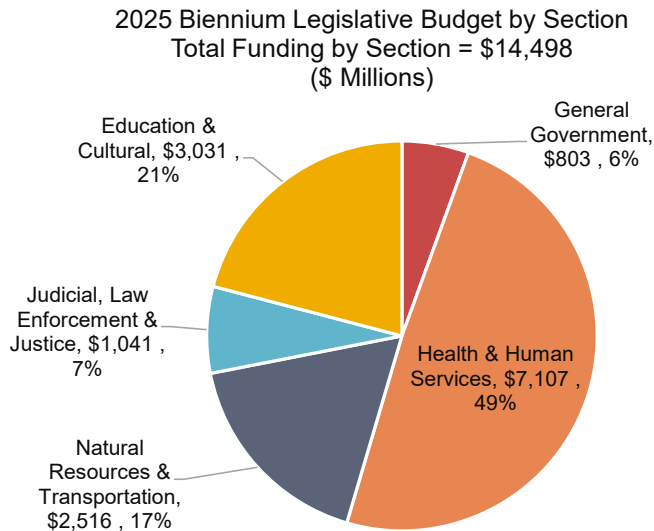
The Department of Revenue was appropriated \$4.0 million general fund language appropriations for the 2023 biennium to pay settlements required under 15-1-402(6)(d)(i)(A).

HB 2 FUNDING

The following sections discuss the various components of HB 2. The 2023 Legislature adopted a HB 2 budget that was 15.1% higher or \$1.9 billion more than the appropriations contained in HB 2 as adopted by the 2021 Legislature.

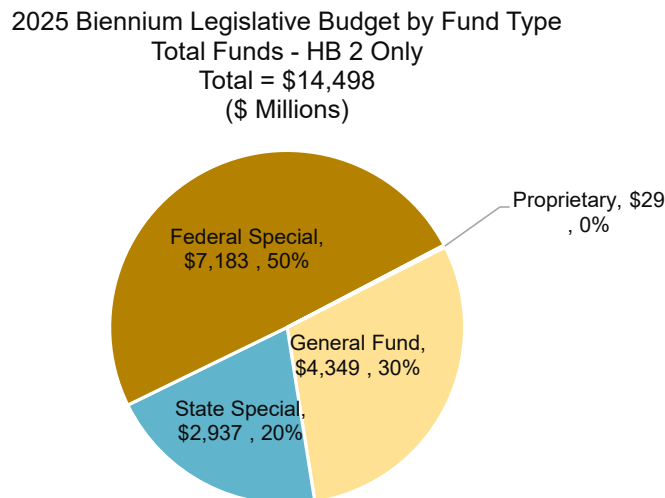
Funding by Functional Area

The following figure shows the allocation of total funds in HB 2 by functional area. Three areas: health and human services, education, and natural resources and transportation account for 87.0% of the total HB 2 appropriations for the 2025 biennium.

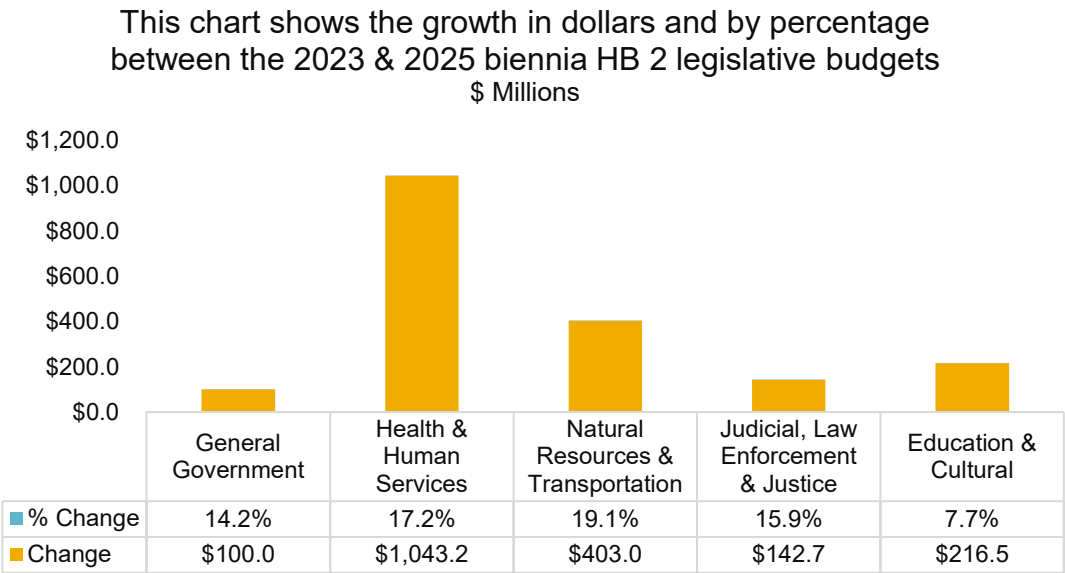


Funding by Fund Source

The next figure shows the HB 2 budget by source of funding. Federal funds are the largest funding source at 50.0% followed by general fund at 30.0% of the total funding.



The two largest areas of appropriation growth were Health and Human Services by \$1.0 billion or 17.2% and natural resources and transportation by \$403.0 million or 19.1%. The primary reasons for the growth were increased provider rates for health and human services and the increase in federal funding provided to the Montana Department of Transportation for surface transportation funding through the Infrastructure, Investment and Jobs Act (IIJA) passed by Congress. From a percentage growth perspective, the Board of Public Education grew by 56.7% related changes in funding from teacher license fees.



The table on the next page shows total funding in HB 2, by agency, and compares each to the 2023 biennium appropriations and the Governor Gianforte budget proposal. OTO funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2023 biennium to the 2025 biennium is shown in the “Compared to 2023 Biennium” column. Ongoing expenditures grew at nearly the same rate as the total, 14.8% but the use of one-time-only (OTO) funding increased by 143.8%. The largest changes in OTO funding occurred in health and human services.

ALL Funds HB 2 Only

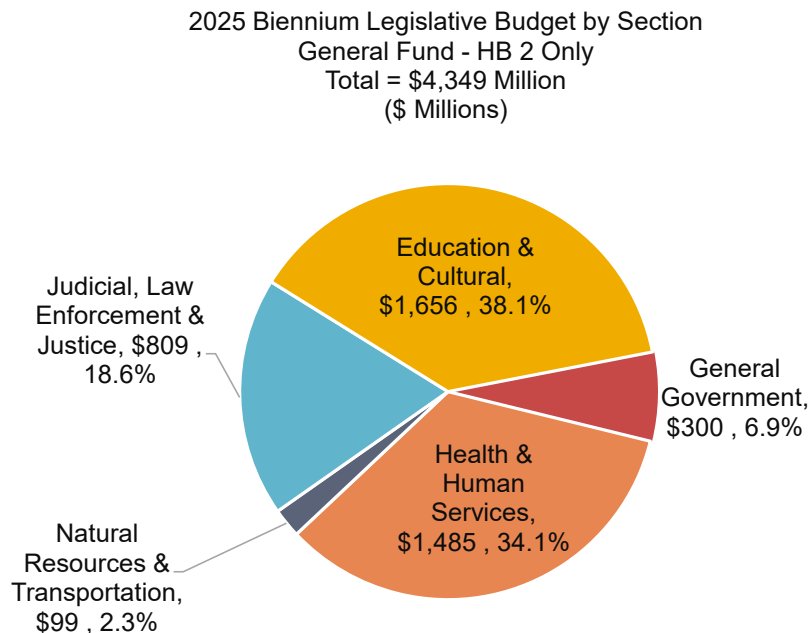
	2023 Biennium Approp	2025 Biennium Gov Budget	2025 Biennium Legislative Budget	Legislative Budget Compared to 2023 Biennium Approp	Legislative Budget Compared to 2025 Biennium Gov Budget
Total Ongoing	12,564,241,548	13,449,844,065	14,430,065,979	14.9%	7.3%
A	712,341,257	753,504,180	796,537,110	11.8%	5.7%
11040 LEGISLATIVE BRANCH	39,314,900	52,199,044	50,987,687	29.7%	-2.3%
11120 CONSUMER COUNSEL	3,385,684	3,500,758	3,171,914	-6.3%	-9.4%
31010 GOVERNOR'S OFFICE	13,670,235	15,171,796	15,137,543	10.7%	-0.2%
32010 SECRETARY OF STATE	100,000			-100.0%	
32020 COMMISSIONER OF POLITICAL PRACTICES	1,395,878	1,525,753	1,749,025	25.3%	14.6%
34010 STATE AUDITOR'S OFFICE	105,276,189	107,128,058	107,156,114	1.8%	0.0%
58010 DEPARTMENT OF REVENUE	124,577,975	144,371,123	143,837,434	15.5%	-0.4%
61010 DEPARTMENT OF ADMINISTRATION	70,141,884	59,625,998	107,487,976	53.2%	80.3%
65010 DEPARTMENT OF COMMERCE	68,483,289	70,915,809	72,046,455	5.2%	1.6%
66020 DEPARTMENT OF LABOR AND INDUSTRY	178,443,417	182,402,834	180,760,155	1.3%	-0.9%
67010 DEPARTMENT OF MILITARY AFFAIRS	107,551,806	116,663,007	114,202,807	6.2%	-2.1%
B	6,066,769,088	7,022,316,766	7,054,073,081	16.3%	0.5%
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	6,066,769,088	7,022,316,766	7,054,073,081	16.3%	0.5%
C	2,090,396,681	2,514,799,542	2,515,147,134	20.3%	0.0%
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	211,644,771	252,857,775	254,757,895	20.4%	0.8%
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	126,337,293	130,750,859	129,169,134	2.2%	-1.2%
54010 DEPARTMENT OF TRANSPORTATION	1,534,654,124	1,890,409,736	1,889,626,524	23.1%	0.0%
56030 DEPARTMENT OF LIVESTOCK	27,174,062	31,217,073	31,293,375	15.2%	0.2%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	152,472,154	167,641,220	168,536,810	10.5%	0.5%
62010 DEPARTMENT OF AGRICULTURE	38,114,277	41,922,879	41,763,396	9.6%	-0.4%
D	903,867,880	1,032,466,501	1,023,152,767	13.2%	-0.9%
21100 JUDICIAL BRANCH	113,498,656	121,931,790	119,543,859	5.3%	-2.0%
41100 DEPARTMENT OF JUSTICE	259,958,651	297,944,396	291,871,361	12.3%	-2.0%
42010 PUBLIC SERVICE COMMISSION	8,421,018	11,162,619	10,638,706	26.3%	-4.7%
61080 OFFICE OF STATE PUBLIC DEFENDER	78,313,183	96,945,448	90,619,747	15.7%	-6.5%
64010 DEPARTMENT OF CORRECTIONS	443,676,372	504,482,248	510,479,094	15.1%	1.2%
E	2,790,866,642	2,126,757,076	3,041,155,887	9.0%	43.0%
35010 OFFICE OF PUBLIC INSTRUCTION	2,156,345,824	1,451,189,651	2,344,506,421	8.7%	61.6%
51010 BOARD OF PUBLIC EDUCATION	728,045	800,325	1,140,885	56.7%	42.6%
51020 COMMISSIONER OF HIGHER EDUCATION	588,833,110	620,657,895	641,709,951	9.0%	3.4%
51130 SCHOOL FOR THE DEAF & BLIND	17,177,647	18,214,740	18,716,453	9.0%	2.8%
51140 MONTANA ARTS COUNCIL	3,005,582	3,250,052	3,224,361	7.3%	-0.8%
51150 MONTANA STATE LIBRARY	12,891,302	15,138,457	15,283,335	18.6%	1.0%
51170 MONTANA HISTORICAL SOCIETY	11,885,132	17,505,956	16,574,481	39.5%	-5.3%
Total OTO	28,198,820	29,256,772	67,750,091	140.3%	131.6%
A	(9,027,629)	6,015,074	6,769,190	-175.0%	12.5%
11040 LEGISLATIVE BRANCH	1,959,646		2,286,338	16.7%	
11120 CONSUMER COUNSEL			297,068		
31010 GOVERNOR'S OFFICE	1,141,224		(135,890)	-111.9%	
32020 COMMISSIONER OF POLITICAL PRACTICES	223,800	244,875	(3,288)	-101.5%	-101.3%
34010 STATE AUDITOR'S OFFICE		2,840,000	2,791,642		-1.7%
58010 DEPARTMENT OF REVENUE	(968,362)	370,000	(133,062)	-86.3%	-136.0%
61010 DEPARTMENT OF ADMINISTRATION	(14,073,896)	75,000	166,907	-101.2%	122.5%
65010 DEPARTMENT OF COMMERCE	2,830,827		(210,390)	-107.4%	
66020 DEPARTMENT OF LABOR AND INDUSTRY	(31,980)	2,460,199	2,338,341	-7411.9%	-5.0%
67010 DEPARTMENT OF MILITARY AFFAIRS	(108,888)	25,000	(628,476)	477.2%	-2613.9%
B	(3,220,832)	150,000	52,663,788	-1735.1%	35009.2%
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	(3,220,832)	150,000	52,663,788	-1735.1%	35009.2%
C	22,714,747	9,762,002	925,013	-95.9%	-90.5%
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	1,270,000	130,000	(210,474)	-116.6%	-261.9%
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	(80,370)		852,961	-1161.3%	
54010 DEPARTMENT OF TRANSPORTATION	20,600,000	3,870,000	(6,252,866)	-130.4%	-261.6%
56030 DEPARTMENT OF LIVESTOCK	841,788	466,951	306,061	-63.6%	-34.5%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	(390,973)	4,359,051	5,465,691	-1498.0%	25.4%
62010 DEPARTMENT OF AGRICULTURE	474,302	936,000	763,640	61.0%	-18.4%
D	(6,012,005)	6,788,004	17,470,605	-390.6%	157.4%
21100 JUDICIAL BRANCH	(3,576,239)		2,108,501	-159.0%	
41100 DEPARTMENT OF JUSTICE	(469,116)	1,500,000	6,380,361	-1460.1%	325.4%
42010 PUBLIC SERVICE COMMISSION	1,124,082		46,073	-95.9%	
61080 OFFICE OF STATE PUBLIC DEFENDER	(631,706)		2,492,606	-494.6%	
64010 DEPARTMENT OF CORRECTIONS	(2,459,026)	5,288,004	6,443,064	-362.0%	21.8%
E	23,744,539	6,541,692	(10,078,505)	-142.4%	-254.1%
35010 OFFICE OF PUBLIC INSTRUCTION	24,011,301	333,692	251,671	-99.0%	-24.6%
51010 BOARD OF PUBLIC EDUCATION	46,622	70,000	(1,892)	-104.1%	-102.7%
51020 COMMISSIONER OF HIGHER EDUCATION	(1,056,868)	5,000,000	(12,257,130)	1059.8%	-345.1%
51130 SCHOOL FOR THE DEAF & BLIND	(47,320)	90,000	(151,932)	221.1%	-268.8%
51140 MONTANA ARTS COUNCIL	(2,058)		(4,576)	122.4%	
51150 MONTANA STATE LIBRARY	876,742	1,000,000	1,769,996	101.9%	77.0%
51170 MONTANA HISTORICAL SOCIETY	(83,880)	48,000	315,358	-476.0%	557.0%
Grand Total	12,592,440,368	13,479,100,837	14,497,816,070	15.1%	7.6%

Type of Funding

The four primary funding sources appropriated in HB 2 – general fund, state special revenue, federal funds, and budgeted proprietary funds – are discussed in the following sections.

General Fund

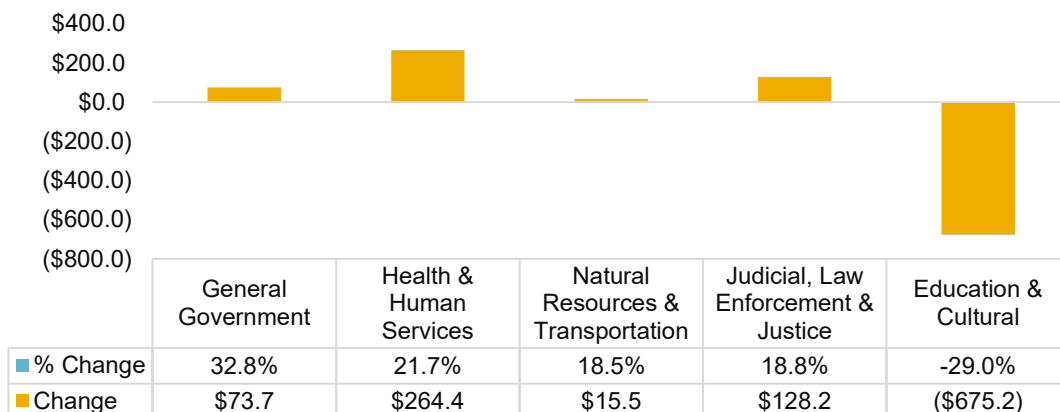
The pie chart shows total HB 2 general fund appropriations for expenditures as adopted by the legislature, by governmental functional area. Education, health and human services, and the judicial, law enforcement, and justice sections make up 90.8% of the total budgeted general fund expenditures.



The following chart shows the total changes in general fund appropriations from the 2023 biennium by functional area. As shown, the changes are dominated by decreases within education and human services.

The appropriations reflected in the chart include both ongoing and one-time-only changes.

This chart shows the growth in dollars and by percentage
between the 2023 & 2025 biennia HB 2 general fund
legislative budgets
\$ Millions



Overall, the legislature decreased general fund appropriations by \$193.4 million or 4.3% when compared to the 2023 biennium.

Ongoing Funding

The 68th Legislature decreased ongoing general fund appropriations by \$277.8 million or 6.1% compared to the 2023 legislative appropriations. While other areas of the general fund HB 2 budget increased, the decrease was primarily the result of a funding switch for BASE Aid K-12 education that drove the overall decrease in general fund.

The legislature did not reduce K-12 education funding, instead switched BASE Aid funding to a newly created state special revenue fund derived from 95 mills property taxes. This fund switch reduced general fund, but increased state special funding.

Department of Administration – Capital Projects Infrastructure

The legislature adopted present law general fund transfers to the capital development fund.

Department of Public Health and Human Services

Ongoing increases totaled \$207.9 million general fund compared to the 2023 biennium. Changes primarily included the following:

- Provider rate increases for Medicaid and non-Medicaid providers
- Medicaid caseload increases over the 2025 biennium

Office of Public Instruction

The ongoing general fund budget decreased \$696.8 million or 38.8% below the 2023 biennium. Major changes for K-12 education include the following:

- Funding switch for BASE Aid from general fund to state special revenue, \$861.6 million reduction in general fund corresponding increase in state special fund
- A decrease in general fund for K-12 BASE Aid to offset increases in the guarantee state special revenue account
- An additional 1.0% vacancy savings imposed by the legislature
- A reduced increase for BASE Aid inflation due to adjustments to the guaranteed tax base multiplier based on the HJ 2 marijuana revenue estimate
- A general fund increase for advanced opportunities grants
- Increases in the Montana Digital Academy for inflationary increases
- Other increases for fixed costs adjustment

One-Time-Only Funding

One-time-only funding increased by \$84.4 million or 457.4% when compared to the 2023 biennium.

General fund appropriations designated as one-time-only in the DPHHS legislative budget included the following:

- \$50.0 million general fund to the Health Care Facilities Division to support additional staffing
- \$6.0 million general fund over the biennium to the Health Care Facilities Division for compliance and recertification efforts at the Montana State Hospital (MSH) and the Montana Mental Health Nursing Care Center (MMHNCC). This funding is biennial and restricted to expenditures supporting Centers for Medicare and Medicaid Services (CMS) compliance at MMHNCC or CMS recertification efforts at MSH

Further information on changes to the state agency budgets between biennia is more fully explained in the specific agency 2025 Biennium Legislative Fiscal Reports.

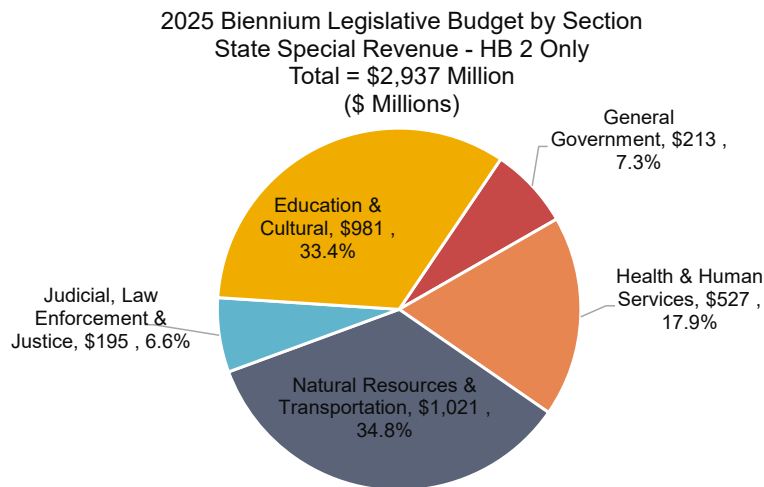
The table below shows general fund in HB 2, by agency, and compares each to the 2023 biennium appropriations. One-time-only funds have been segregated from ongoing appropriations and appear

shaded in the table. The appropriation percentage change from the 2023 biennium to the 2025 biennium is shown in the “Compared to 2023 Biennium” column.

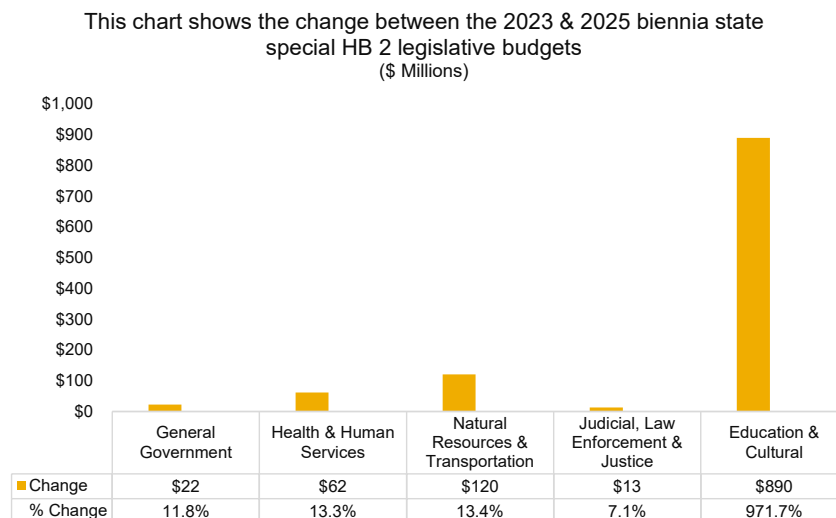
General Funds HB 2 Only		2023 Biennium	2025 Biennium	2025 Biennium	Leg Budget	Leg Budget
		Approp	Gov Budget	Legislative Budget	Compared to 2023 Biennium	Compared to Gov Budget
Total Ongoing		4,558,984,838	4,147,437,647	4,284,086,095	-6.0%	3.3%
A		234,627,173	243,288,272	297,348,079	26.7%	22.2%
11040 LEGISLATIVE BRANCH		34,105,750	43,505,524	46,333,552	35.9%	6.5%
31010 GOVERNOR'S OFFICE		13,570,235	15,153,050	15,037,543	10.8%	-0.8%
32010 SECRETARY OF STATE		100,000			-100.0%	
32020 COMMISSIONER OF POLITICAL PRACTICES		1,395,878	1,525,753	1,749,025	25.3%	14.6%
34010 STATE AUDITOR'S OFFICE				177,393		
58010 DEPARTMENT OF REVENUE		114,852,151	122,152,691	120,817,224	5.2%	-1.1%
61010 DEPARTMENT OF ADMINISTRATION		43,796,393	31,085,555	79,111,676	80.6%	154.5%
65010 DEPARTMENT OF COMMERCE		6,846,942	10,602,409	12,007,013	75.4%	13.2%
66020 DEPARTMENT OF LABOR AND INDUSTRY		4,135,869	4,986,657	4,969,923	20.2%	-0.3%
67010 DEPARTMENT OF MILITARY AFFAIRS		15,823,955	14,276,633	17,144,730	8.3%	20.1%
B		1,222,948,603	1,389,234,022	1,432,486,806	17.1%	3.1%
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES		1,222,948,603	1,389,234,022	1,432,486,806	17.1%	3.1%
C		83,773,410	93,328,248	94,410,741	12.7%	1.2%
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS		-				
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY		11,194,861	12,333,990	12,187,711	8.9%	-1.2%
56030 DEPARTMENT OF LIVESTOCK		6,332,113	7,800,672	8,015,820	26.6%	2.8%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION		64,401,138	70,838,299	71,862,894	11.6%	1.4%
62010 DEPARTMENT OF AGRICULTURE		1,845,298	2,355,287	2,344,316	27.0%	-0.5%
D		688,178,832	794,101,481	791,357,911	15.0%	-0.3%
21100 JUDICIAL BRANCH		106,804,817	113,684,278	111,685,018	4.6%	-1.8%
41100 DEPARTMENT OF JUSTICE		72,809,764	94,883,652	93,012,685	27.7%	-2.0%
61080 OFFICE OF STATE PUBLIC DEFENDER		78,313,183	96,595,448	90,619,747	15.7%	-6.2%
64010 DEPARTMENT OF CORRECTIONS		430,251,068	488,938,103	496,040,461	15.3%	1.5%
E		2,329,456,820	1,627,485,624	1,668,482,558	-28.4%	2.5%
35010 OFFICE OF PUBLIC INSTRUCTION		1,797,139,680	1,081,125,321	1,100,384,542	-38.8%	1.8%
51010 BOARD OF PUBLIC EDUCATION		356,223	800,325	1,140,877	220.3%	42.6%
51020 COMMISSIONER OF HIGHER EDUCATION		501,908,009	512,909,130	534,185,094	6.4%	4.1%
51130 SCHOOL FOR THE DEAF & BLIND		16,229,789	17,239,594	17,741,307	9.3%	2.9%
51140 MONTANA ARTS COUNCIL		1,090,750	1,245,425	1,218,310	11.7%	-2.2%
51150 MONTANA STATE LIBRARY		5,738,545	6,519,753	6,336,883	10.4%	-2.8%
51170 MONTANA HISTORICAL SOCIETY		6,993,824	7,646,076	7,475,545	6.9%	-2.2%
Total OTO		(18,460,505)	48,696,628	64,982,533	-452.0%	33.4%
A		(10,014,548)	4,470,320	2,169,382	-121.7%	-51.5%
11040 LEGISLATIVE BRANCH		1,775,721	3,946,500	2,286,338	28.8%	-42.1%
31010 GOVERNOR'S OFFICE		1,141,224	(81,254)	(135,890)	-111.9%	67.2%
32020 COMMISSIONER OF POLITICAL PRACTICES		223,800	244,875	(3,288)	-101.5%	-101.3%
58010 DEPARTMENT OF REVENUE		(1,218,362)	100,000	(300,175)	-75.4%	-400.2%
61010 DEPARTMENT OF ADMINISTRATION		(14,073,896)	75,000	244,154	-101.7%	225.5%
65010 DEPARTMENT OF COMMERCE		2,277,833		(44,606)	-102.0%	
66020 DEPARTMENT OF LABOR AND INDUSTRY		(31,980)	160,199	157,933	-593.8%	-1.4%
67010 DEPARTMENT OF MILITARY AFFAIRS		(108,888)	25,000	(35,084)	-67.8%	-240.3%
B		(3,220,832)	25,000,000	52,316,637	-1724.3%	109.3%
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES		(3,220,832)	25,000,000	52,316,637	-1724.3%	109.3%
C		(369,565)	5,594,612	4,458,887	-1306.5%	-20.3%
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY		(80,370)	852,961	852,961	-1161.3%	0.0%
56030 DEPARTMENT OF LIVESTOCK		176,176		(15,262)	-108.7%	
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION		(589,673)	3,991,651	2,871,690	-587.0%	-28.1%
62010 DEPARTMENT OF AGRICULTURE		124,302	750,000	749,498	503.0%	-0.1%
D		(7,064,617)	8,138,004	18,059,561	-355.6%	121.9%
21100 JUDICIAL BRANCH		(3,504,769)		2,008,808	-157.3%	
41100 DEPARTMENT OF JUSTICE		(469,116)	1,500,000	7,074,268	-1608.0%	371.6%
61080 OFFICE OF STATE PUBLIC DEFENDER		(631,706)	350,000	2,492,606	-494.6%	612.2%
64010 DEPARTMENT OF CORRECTIONS		(2,459,026)	6,288,004	6,483,879	-363.7%	3.1%
E		2,209,057	5,493,692	(12,021,934)	-644.2%	-318.8%
35010 OFFICE OF PUBLIC INSTRUCTION		4,000,819	333,692	153,945	-96.2%	-53.9%
51010 BOARD OF PUBLIC EDUCATION		46,622	70,000	(1,884)	-104.0%	-102.7%
51020 COMMISSIONER OF HIGHER EDUCATION		(1,656,868)	5,000,000	(12,257,130)	639.8%	-345.1%
51130 SCHOOL FOR THE DEAF & BLIND		(47,320)	90,000	(151,932)	221.1%	-268.8%
51140 MONTANA ARTS COUNCIL		(2,058)		(2,287)	11.1%	
51150 MONTANA STATE LIBRARY		(48,258)		(30,004)	-37.8%	
51170 MONTANA HISTORICAL SOCIETY		(83,880)		267,358	-418.7%	
Grand Total		4,540,524,333	4,196,134,275	4,349,068,628	-4.2%	3.6%

State Special Revenue

State special revenue is designated for specific purposes; in the 2025 biennium, HB 2 total appropriations are \$1,107.0 million or 60.5% above 2023 biennium appropriations. The pie chart below shows total state special revenues by function for HB 2.



As reflected above, natural resources and transportation state special revenue appropriations account for 34.8% of the total with the majority of this funding going to the Department of Transportation (\$629.2 million). The chart below shows the change in state special revenues from the 2023 biennium by function of state government. The appropriations reflected in the charts include both ongoing and one-time-only changes.



Ongoing Funding

The legislature increased ongoing funding by 63.0% or \$1,135.1 million compared to the 2023 biennium with increases in the Office of Public Instruction and the Department of Transportation being the largest drivers.

The Office of Public Instruction state special authority was increased by 7,445.4% or \$885.5 million which was primarily the result of funding switch from state general fund to a newly designated state special revenue appropriation in HB 2 derived from 95 mills property tax revenues.

One-Time-Only Funding

The legislature state special revenue OTO appropriations totaled (\$694,848) in the 2025 biennium, a 102.5% decrease compared to the 2023 biennium.

State special revenue adjustments including new proposals, present law adjustments, and one-time-only appropriations are discussed in more detail in the agency specific [2025 Biennium Legislative Fiscal Reports](#).

The table below shows state special revenue in HB 2, by agency, and compares each to the 2023 biennium appropriations and the executive proposal. One-time-only funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2023 biennium to the 2025 biennium is shown in the “Compared to 2023 Biennium” column.

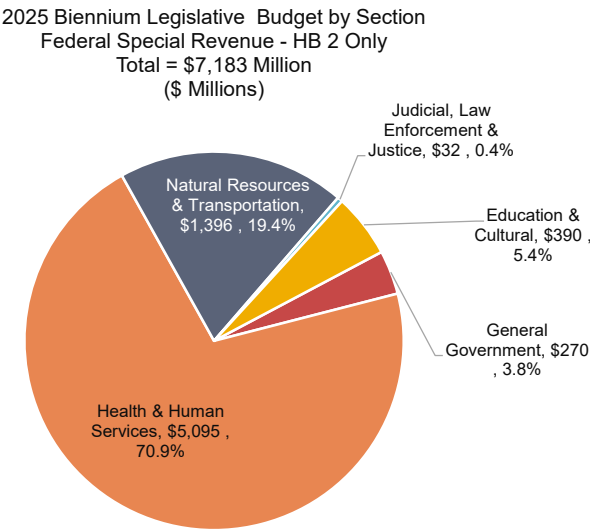
State Special Funds HB 2 Only

	2023 Biennium	2025 Biennium	2025 Biennium		
	Approp	Gov Budget	Legislative Budget	Compared to 2023 Biennium	Compared to Gov Budget
Total Ongoing	1,802,016,807	2,073,803,965	2,937,403,783	63.0%	41.6%
A	189,838,844	214,509,618	207,950,517		
11040 LEGISLATIVE BRANCH	5,209,150	4,747,020	4,654,135		
11120 CONSUMER COUNSEL	3,385,684	3,500,758	3,171,914	-6.3%	-9.4%
31010 GOVERNOR'S OFFICE	100,000	100,000	100,000	0.0%	0.0%
34010 STATE AUDITOR'S OFFICE	37,076,189	38,928,058	38,778,721	4.6%	-0.4%
58010 DEPARTMENT OF REVENUE	1,987,252	13,443,476	14,494,847		
61010 DEPARTMENT OF ADMINISTRATION	13,961,538	15,391,477	15,306,158	9.6%	-0.6%
65010 DEPARTMENT OF COMMERCE	19,755,280	20,780,754	20,515,005	3.8%	-1.3%
66020 DEPARTMENT OF LABOR AND INDUSTRY	106,150,943	110,110,871	108,825,747	2.5%	-1.2%
67010 DEPARTMENT OF MILITARY AFFAIRS	2,212,808	7,507,204	2,103,990	-4.9%	-72.0%
B	464,961,099	528,997,809	526,763,544	13.3%	-0.4%
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	464,961,099	528,997,809	526,763,544	13.3%	-0.4%
C	896,008,985	1,023,470,901	1,027,722,329	14.7%	0.4%
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	154,776,688	173,068,683	175,344,022	13.3%	1.3%
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	65,695,801	67,411,623	66,966,003	1.9%	-0.7%
54010 DEPARTMENT OF TRANSPORTATION	541,983,344	636,268,236	639,012,050	17.9%	0.4%
56030 DEPARTMENT OF LIVESTOCK	16,883,173	18,762,027	18,667,628	10.6%	-0.5%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	83,857,196	92,560,972	92,438,175	10.2%	-0.1%
62010 DEPARTMENT OF AGRICULTURE	32,812,783	35,399,360	35,294,451	7.6%	-0.3%
D	181,079,019	200,973,960	195,654,333	8.0%	-2.6%
21100 JUDICIAL BRANCH	6,489,733	7,628,410	7,104,914	9.5%	-6.9%
41100 DEPARTMENT OF JUSTICE	153,592,778	168,504,281	164,312,112	7.0%	-2.5%
42010 PUBLIC SERVICE COMMISSION	7,873,636	10,535,012	10,091,324	28.2%	-4.2%
64010 DEPARTMENT OF CORRECTIONS	13,122,872	14,306,257	14,145,983	7.8%	-1.1%
E	70,128,860	105,851,677	979,313,060	1296.4%	825.2%
35010 OFFICE OF PUBLIC INSTRUCTION	11,893,740	23,138,016	897,434,601	7445.4%	3778.6%
51010 BOARD OF PUBLIC EDUCATION	371,822	-	8	-100.0%	
51020 COMMISSIONER OF HIGHER EDUCATION	49,526,787	69,729,310	69,619,548	40.6%	-0.2%
51130 SCHOOL FOR THE DEAF & BLIND	581,848	586,514	586,514	0.8%	
51140 MONTANA ARTS COUNCIL	465,436	433,629	432,919	-7.0%	-0.2%
51150 MONTANA STATE LIBRARY	5,385,367	5,969,969	5,951,611	10.5%	
51170 MONTANA HISTORICAL SOCIETY	1,903,860	5,994,239	5,287,859	177.7%	-11.8%
Total OTO	27,477,725	7,918,576	(694,848)	-102.5%	-108.8%
A	736,919	5,140,000	5,113,054	593.8%	-0.5%
11040 LEGISLATIVE BRANCH	183,925			-100.0%	
11120 CONSUMER COUNSEL			297,068		
34010 STATE AUDITOR'S OFFICE		2,840,000	2,791,642		-1.7%
58010 DEPARTMENT OF REVENUE			(389)		
61010 DEPARTMENT OF ADMINISTRATION			(38,681)		
65010 DEPARTMENT OF COMMERCE	552,994		(145,579)	-126.3%	
66020 DEPARTMENT OF LABOR AND INDUSTRY		2,300,000	2,213,626		-3.8%
67010 DEPARTMENT OF MILITARY AFFAIRS			(4,633)		
B		150,000	(109,905)		-173.3%
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES		150,000	(109,905)		-173.3%
C	4,262,712	1,500,351	(7,046,163)	-265.3%	-569.6%
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	1,270,000	130,000	(210,474)	-116.6%	-261.9%
54010 DEPARTMENT OF TRANSPORTATION	2,060,000	350,000	(9,772,866)	-574.4%	-2892.2%
56030 DEPARTMENT OF LIVESTOCK	425,612	466,951	326,611	-23.3%	-30.1%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	198,700	367,400	2,594,001	1205.5%	606.0%
62010 DEPARTMENT OF AGRICULTURE	308,400	186,000	16,565	-94.6%	-91.1%
D	1,052,612	80,225	(500,986)	-147.6%	-724.5%
21100 JUDICIAL BRANCH	(71,470)		99,693	-239.5%	
41100 DEPARTMENT OF JUSTICE			(660,583)		
42010 PUBLIC SERVICE COMMISSION	1,124,082	80,225	46,073	-95.9%	-42.6%
64010 DEPARTMENT OF CORRECTIONS			13,831		
E	21,425,482	1,048,000	1,849,152	-91.4%	76.4%
35010 OFFICE OF PUBLIC INSTRUCTION	19,900,482		1,560	-100.0%	
51010 BOARD OF PUBLIC EDUCATION			(8)		
51020 COMMISSIONER OF HIGHER EDUCATION	600,000			-100.0%	
51140 MONTANA ARTS COUNCIL			(400)		
51150 MONTANA STATE LIBRARY	925,000	1,000,000	1,800,000	94.6%	80.0%
51170 MONTANA HISTORICAL SOCIETY		48,000	48,000		0.0%
Grand Total	1,829,494,532	2,081,722,541	2,936,708,935	60.5%	41.1%

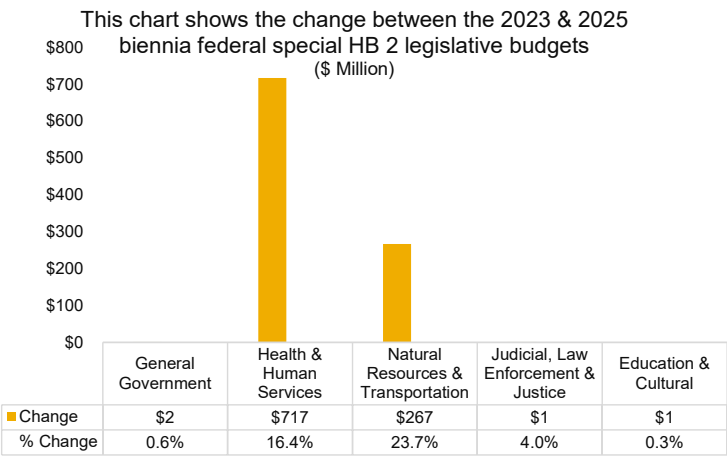
Federal Funds

Federal funds are received from various federal funding sources. The federal government grants targeted funding that cannot be used except for the general or specific purposes intended by the grantor.

The 2025 biennium federal funds total \$7,183.0 million or about 50.0% of the total HB 2 budget. Two functions: health and human services and natural resources and transportation receive 90.3% of the federal funds. The following table shows the 2025 biennium budgeted federal revenues by functional area of the budget.



The chart below shows the change in federal funding compared to the 2023 biennium by function. The appropriations reflected in the chart include both ongoing and one-time-only changes.



Overall federal funds increased 16.0% or \$988.2 million when compared to the 2023 biennium appropriations. The primary increases were in the Department of Public Health and Human Services which grew \$717 million or 16.4% and the Department of Transportation (MDT) which grew by \$242.9 million or 24.0% compared to the 2023 biennium.

The legislature authorized increases in Medicaid caseloads and provider rates for the 2025 biennium.

MDT received increased federal authority for surface transportation funding through the Infrastructure, Investment and Jobs Act passed by Congress. The legislature appropriated this additional federal funding in HB 2.

Ongoing Funding

The legislature increased ongoing federal funding by 16.2% or \$1,003.2 million more than the 2023 biennium with the largest increases in the DPHHS and MDT primarily for reasons mentioned in the previous paragraphs.

One-Time-Only Funding

The legislature adopted \$3.4 million in OTO appropriations, down from \$18.9 million in the 2023 biennium or an 81.9% decrease.

Much of the OTO federal authority was provided to the Department of Transportation construction program for CARES Act II maintenance projects. The funding is available through the federal government until 2026.

The table below shows federal special revenue in HB 2, by agency, and compares each to the 2023 biennium appropriations. One-time-only funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2023 biennium to the 2025 biennium is shown in the “Compared to 2023 Biennium” column.

Federal Special Funds HB 2 Only		2023 Biennium	2025 Biennium	2025 Biennium		
		Approp	Gov Budget	Legislative Budget	Compared to 2023 Biennium	Compared to Gov Budget
Total Ongoing		6,176,175,748	7,122,084,269	7,179,382,331	16.2%	0.8%
A		268,349,449	270,957,728	270,685,873	0.9%	-0.1%
34010 STATE AUDITOR'S OFFICE		68,200,000	68,200,000	68,200,000	0.0%	0.0%
58010 DEPARTMENT OF REVENUE		559,664	1,003,536	1,005,794	79.7%	0.2%
61010 DEPARTMENT OF ADMINISTRATION		37,070	37,070	37,070	0.0%	0.0%
65010 DEPARTMENT OF COMMERCE		41,881,067	39,532,646	39,524,437	-5.6%	0.0%
66020 DEPARTMENT OF LABOR AND INDUSTRY		68,156,605	67,305,306	66,964,485	-1.7%	-0.5%
67010 DEPARTMENT OF MILITARY AFFAIRS		89,515,043	94,879,170	94,954,087	6.1%	0.1%
B		4,378,859,386	5,033,146,062	5,094,822,731	16.4%	1.2%
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES		4,378,859,386	5,033,146,062	5,094,822,731	16.4%	1.2%
C		1,109,645,722	1,396,252,757	1,392,061,614	25.5%	-0.3%
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS		56,868,083	79,789,092	79,413,873	39.6%	-0.5%
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY		49,446,631	50,212,285	50,015,420	1.2%	-0.4%
54010 DEPARTMENT OF TRANSPORTATION		992,670,780	1,254,141,500	1,250,614,474	26.0%	-0.3%
56030 DEPARTMENT OF LIVESTOCK		3,958,776	4,654,374	4,609,927	16.4%	-1.0%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION		4,213,820	4,241,949	4,235,741	0.5%	-0.1%
62010 DEPARTMENT OF AGRICULTURE		2,487,632	3,213,557	3,172,179	27.5%	-1.3%
D		30,442,090	31,678,207	31,799,078	4.5%	0.4%
21100 JUDICIAL BRANCH		204,106	619,102	753,927	269.4%	21.8%
41100 DEPARTMENT OF JUSTICE		29,677,156	30,511,723	30,497,769	2.8%	0.0%
42010 PUBLIC SERVICE COMMISSION		547,382	547,382	547,382	0.0%	0.0%
64010 DEPARTMENT OF CORRECTIONS		13,446			-100.0%	
E		388,879,101	390,049,515	390,013,035	0.3%	0.0%
35010 OFFICE OF PUBLIC INSTRUCTION		347,312,404	346,926,314	346,687,278	-0.2%	-0.1%
51020 COMMISSIONER OF HIGHER EDUCATION		36,177,206	36,572,525	36,458,379	0.8%	-0.3%
51130 SCHOOL FOR THE DEAF & BLIND		366,010	388,632	388,632	6.2%	0.0%
51140 MONTANA ARTS COUNCIL		1,449,396	1,570,998	1,573,132	8.5%	0.1%
51150 MONTANA STATE LIBRARY		1,767,390	2,648,735	2,994,841	69.4%	13.1%
51170 MONTANA HISTORICAL SOCIETY		1,806,695	1,942,311	1,910,773	5.8%	-1.6%
Total OTO		18,931,600	49,458,873	3,428,822	-81.9%	-93.1%
A				(643,514)		
58010 DEPARTMENT OF REVENUE				(1,332)		
65010 DEPARTMENT OF COMMERCE				(20,205)		
66020 DEPARTMENT OF LABOR AND INDUSTRY				(33,218)		
67010 DEPARTMENT OF MILITARY AFFAIRS				(588,759)		
B			45,938,873	457,056		-99.0%
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES			45,938,873	457,056		-99.0%
C		18,821,600	3,520,000	3,521,003	-81.3%	0.0%
54010 DEPARTMENT OF TRANSPORTATION		18,540,000	3,520,000	3,520,000	-81.0%	0.0%
56030 DEPARTMENT OF LIVESTOCK		240,000		(5,288)	-102.2%	
62010 DEPARTMENT OF AGRICULTURE		41,600		6,291	-84.9%	
E		110,000		94,277	-14.3%	
35010 OFFICE OF PUBLIC INSTRUCTION		110,000		96,166	-12.6%	
51140 MONTANA ARTS COUNCIL				(1,889)		
Grand Total		6,195,107,348	7,171,543,142	7,182,811,153	15.9%	0.2%

HB 2 Companion Bills

Companion bills are used to implement substantive law changes needed to implement the budget included in HB 2. The following describes the necessary changes for funding decisions in HB 2:

[HB 864](#) - Authorize transfers and other necessary measure to implement HB 2 section A directs the following:

- Revenue distribution for the veterans and surviving spouses state special revenue fund for the Department of Military Affairs
- Clarifies when housing emergencies are declared for the state-owned prison

[HB 868](#) - Authorize transfers and other necessary measure to implement HB 2 section C directs the following:

- Reporting by the petroleum tank release compensation board
- Reporting by the Department of Fish, Wildlife, and Parks

[HB 946](#) – Implement provisions of HB2 - Section E – Education directs the following agencies report to the Interim Budget Committee, Section E:

- State Library Commission to provide reports on the hot spot program activities
- Office of the Commissioner of Higher Education report back to the committee regarding two areas:
 1. Report on funding provided to tribal colleges for high school equivalency test preparation
 2. Report on existing collaborations, partnerships, contracts, donations, and contributions related to foreign countries of concern as defined by 10 U.S.C. 4872(d)
- Office of Public Instruction to report on each school district participating in the advanced opportunity grant program, transitional grant program, and innovative educational donations

In addition, HB 946 clarified the definition of exceptional circumstances regarding child admissions to schools and adjusted the multipliers for the statewide guaranteed tax base ratio and the statewide mill value per ANB.

LONG-RANGE PLANNING

LONG-RANGE PLANNING

The Long-Range Planning (LRP) subcommittee analyzes appropriations and grant authorizations for capital projects. The capital project budgets include investment in various forms of infrastructure including the acquisition of lands, construction and major maintenance of lands and buildings, maintenance and development of water-related infrastructure, reclamation activities, and information technology. For more information on all the LRP programs and projects, refer to Section F of the 2025 Biennium Legislative Fiscal Report.

LRP Budgets

The 68th Legislature approved total funds spending of \$1,761.4 million in the LRP budgets. For the 2025 biennium, the legislature appropriated funding in each of the nine LRP programs. The LRP programs include:

- Long-Range Building Program (LRBP) – acquisition, construction, and major maintenance of state-owned lands and buildings, administered by the Department of Administration
- State Building Energy Conservation Program (SBECP) – energy efficiency improvements to state-owned buildings, administered by the Department of Environmental Quality
- Long-Range Information Technology Program (LRITP) – major information technology build and upgrade, administered by the Department of Administration
- Treasure State Endowment Program (TSEP) – water, wastewater, solid waste, and bridge infrastructure grants to local governments, administered by the Department of Commerce
- Montana Historic Preservations Grant Program (MHPG) – grants for public or private entities to complete activities for the preservation of historic sites, historical societies, or history museums in the state, administered by the Department of Commerce
- Treasure State Endowment Regional Water Program (TSEPRW) – matching funds for major regional water projects, administered by the Department of Natural Resources and Conservation
- Renewable Resource Grant and Loan Program (RRGL) – grants to local governments for projects that measurably conserve, develop, manage, or preserve resources, administered by the Department of Natural Resources and Conservation
- Reclamation and Development Grant Program (RDGP) – grants for the reclamation of lands degraded by resource severance activities, administered by the Department of Natural Resources and Conservation
- Cultural and Aesthetic Grant Program (C&A) – arts, cultural, and historical grants, administered by the Montana Arts Council

LRP Total Appropriations by Bill and Fund Type										
Bill #	Program	General Fund	Capital Projects	State Special	Federal Special	CST Bonds	Subtotal State Funds	Proprietary	Authority (Non-State)	Total
HB 5	LRBP		372,504,225	108,086,740	87,757,849		568,348,814	690,000	255,196,000	822,233,814
HB 5	FWP Capital			35,533,404	20,064,742		55,598,146		6,333,234	61,931,380
HB 5	SBCEP						0		3,700,000	3,700,000
HB 5	Other Capital	16,975,257					16,975,257			16,975,257
HB 5	O&M	13,196,968		644,862	226,472		14,068,302	40,000		14,108,302
HB 817	LRBP		180,940,831				180,940,831			180,940,831
HB 817	O&M	176,560					176,560			176,560
HB 866	LRBP		78,695,418	37,500,000			116,195,418			116,195,418
HB 872	LRBP		75,000,000				75,000,000			75,000,000
HB 872	O&M			1,661,426			1,661,426			1,661,426
Total HB 5/817/856/872		\$30,348,785	\$707,140,474	\$181,426,432	\$108,048,863		\$1,026,964,554	\$730,000	\$265,228,234	\$1,292,922,788
HB 6 RRGL - Grants				42,310,000			42,310,000			42,310,000
HB 7 RDGP				5,653,347			5,653,347			5,653,347
HB 8 RRGL - Loans						129,415,000	129,415,000			129,415,000
HB 9 C&A				588,876			588,876			588,876
HB 10 LRITP			145,230,218	11,945,193	80,796,205		237,971,616			237,971,616
HB 11 MCEP				31,209,713			31,209,713			31,209,713
HB 11 MCEPRW				10,000,000			10,000,000			10,000,000
Total HB 11		\$0	\$0	\$41,209,713	\$0		\$41,209,713	\$0	\$0	\$41,209,713
HB 12 MHPG				11,368,044			11,368,044			11,368,044
Total LRP Bills		\$30,348,785	\$852,370,692	\$294,501,605	\$188,845,068	\$129,415,000	\$1,366,066,150	\$730,000	\$265,228,234	\$1,761,439,384

Note: Funding from the column titled Authority, representing 1.5% of the total LRP funding, are not technically appropriations. Authority refers to non-state funds, typically university funds and donations. These items are included in the table because the statute requires that capital building projects with costs in excess of \$150,000 must be authorized by the legislature regardless of the source of funding.

Legislative Action

Total legislative appropriations and authority for the LRP budgets are \$1,761.4 million; with the exception of the coal severance tax bonds for which the debt service is repaid by the loan recipient, the LRP program budgets are entirely funded with cash. No general fund general obligations bonds were proposed or authorized to the fund the approved projects. This amount is a 181.4% increase from the LRP budgets in the 2023 biennium and 14.4% greater than the executive budget proposal. The legislature made changes in the executive's recommendations and added numerous new projects to the executive proposal. Some projects, specifically related to the DPHHS behavioral health initiative, the DOA Remote Office Workspace Study implementation, and the Corrections Montana State Prison infrastructure were removed from HB 5 for the LRBP and appropriated instead in other bills, specifically, HB 817 (State Prison-related), HB 856 (capitol complex-related), and HB 872 (DPHHS behavioral health initiative).

The LRP budgets contain several significant appropriations, that include:

- Department of Corrections Montana State Prison projects totaling \$178.4 million in HB 817; including \$156.0 million of capital development funds for the MSP low-side housing replacement
- In HB 872, \$75.0 million for the DPHHS behavioral health initiative regional care facilities, including \$55.0 million for new or renovated facilities and \$20.0 million to acquire or remodel existing infrastructure to support the establishment of behavioral health settings and intermediate care facilities. These appropriations include contingencies that must be met in order to utilize the funds; the appropriations are from the capital development fund; HB 872 also includes a transfer of \$75.0 million of general fund to the capital development fund for the projects
- HB 856 concerns administration of the capitol complex. Appropriations for long-range building related projects total \$116.2 million. This includes two projects were originally proposed HB5 and then moved to HB 856, \$50.0 million of capital development funds for the implementation of the 2022 Montana remote and office workspace study (ROWS) and

renovation of capital complex offices and \$28.7 million of capital development funds for the state capitol building improvements project

- In HB 5, \$46.0 million total, \$23.5 million of capital development funds and \$22.5 million of authority, was authorized for a new facility, the MSU Gallatin College, with some contingencies for the appropriations
- The Montana University System had two significant projects funded with donations for which authorization from the legislature was required. These included \$92.0 million for the MSU Mark and Robyn Jones College of Nursing and \$50.0 million for the MSU Gianforte Hall Computing Building
- The long-range information technology program (LRITP) included a \$45.2 million project for the Department of Justice MERLIN vehicle registration system replacement; the LRITP program does not have a dedicated funding source. In this case, the project will be funded with a transfer of general funds to the LRITP capital project fund. Those funds will be released to the agency when certain conditions in HB 10 are met
- HB 6 included a \$26.0 million transfer to the natural resource projects state special revenue fund to be held in escrow for loans to the Milk River (Saint Mary's) project. Interest repaid for the loan will be put into a new Milk River repair and maintenance state special revenue fund for long-term operation and maintenance of the Milk Rive project

Capital Development Fund

The capitol development account (CD), established in HB 553 in the 2019 session, was developed to provide a cash funding source of revenue for capital projects. The account, per 17-7-208, MCA receives funds from several sources including:

1. Appropriated general fund transfers from HB 2
 - a. 1% of the amount of the state general fund revenue, as determined or before August 15 of the year preceding a legislative session less the:
 - i. general fund general obligation bond debt service, and
 - ii. projected general fund debt service for general fund general obligation bonds proposed in the executive budget.
 - b. Recommendations for the appropriated transfers may be eliminated by the executive or the legislature.
2. Overflow funding from the budget stabilization reserve fund (BSR) as provided in 17-7-130 (6)
 - a. If the balance of the BSR exceeds an amount equal to 4.5% of all general fund appropriations in the second year of the biennium, then 50% of any funds in excess of that amount must be transferred to the capital development account.
3. Other deposits/transfers made by the legislature

The following figure provides the fund balance projection for the CD account. The account is projected to begin the 2025 biennium with a balance of \$530.1 million resulting from a budget stabilization fund overflow deposit in FY 2022 of \$115.1 million and in FY 2023 of \$259.7 million. The HB 2 appropriated transfer did not occur for the 2023 biennium.

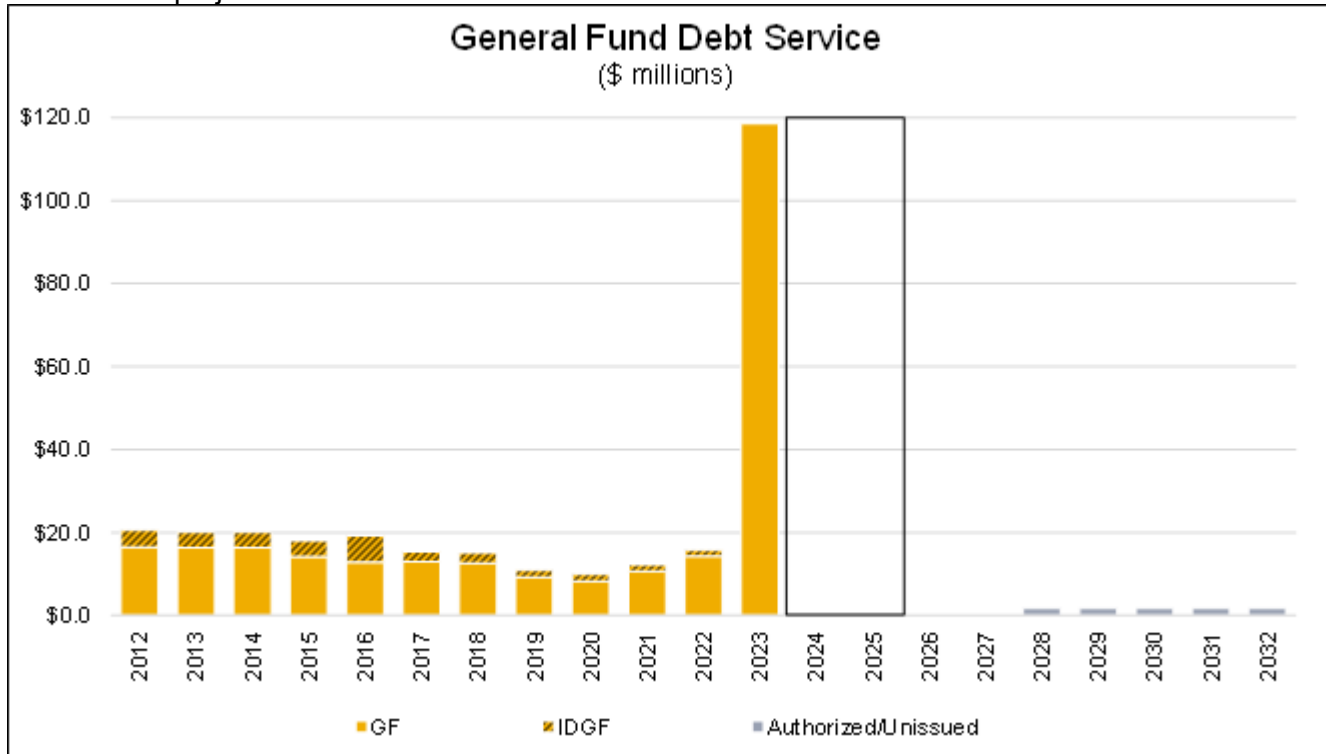
Resulting from the significant fund balance and higher interest rates, interest earnings revenue for the 2025 biennium is projected to total \$54.1 million. In addition, the legislature approved the general fund transfer in HB 2 for the 2025 biennium, which totals \$47.3 million. Additionally, a transfer of \$75.0 million of general fund to the capital development fund was included in HB 872 to provide funding for the DPHHS behavioral health system for future generations. There was also a \$6.0 million transfer of general fund to the capital development fund included in HB 5. Capital development fund revenues, including transfers, are projected to total \$182.4 million for the 2025 biennium.

Capital Development Account Fund Balance Analysis - 2025 Biennium		
Account 05031		
	2023 Biennium - FY 2022 Actuals & FY 2023 Projected	2025 Biennium Projected
Beginning Fund Balance	\$228,302,398	\$530,137,433
Fund Balance Adjustment	0	(63,911)
	228,302,398	530,073,522
Revenues		
BOI Investment Earnings	16,465,358	54,094,147
Transfers from BSR (Actuals for both 22 & 23)	374,773,470	0
General Fund Transfer (HB 5)	0	6,000,000
General Fund - DPHHS BHI - HB 872	0	75,000,000
Present law transfer of general fund - HB 2	0	47,324,556
Total Revenues	391,238,828	182,418,703
Expenditures		
Transfer to Major Repair fund (05007)	0	41,420,091
Transfer to Capitol Land Grants fund (05008)	0	2,000,000
Prior Biennia Projects	0	0
Non-Qualifying ARPA 604 Projects	11,300,000	0
HB 817 Projects	0	178,440,831
HB 856 LRBP Projects	0	78,695,418
HB 872 - DPHHS Behavioral Health Initiative	0	75,000,000
2025 Biennium Projects - HB 5	78,103,793	303,171,125
Total Expenditures/Appropriations	89,403,793	678,727,465
Estimated Ending Fund Balance	\$530,137,433	\$33,764,760

The transfer to the major repair fund of \$41.4 million and the transfer to the capitol land grant fund of \$2.0 million are both accounted for in the expenditures from the CD account. Appropriations from the CD account included in HB 5, HB 817, HB 856, and HB 872 to support major construction projects in the LRBP total \$635.3 million. Both transfers and appropriations from the fund in the 2025 biennium total \$678.7 million. As a result, the fund is expected to finish the 2025 biennium with a balance of \$33.8 million. This balance may be available to fund future capital development projects or to act as a rainy-day fund if funding is needed to help with shortfalls, pending legislative authorization.

DEBT SERVICE

The following chart illustrates current statutorily appropriated general fund debt service and includes debt service projections for bonds that have been authorized but are unissued.



- **Gold-GF** – General obligation (GO) bonds paid by the general fund. The bond issues related to this debt service primarily funded the construction of state government buildings. Payment of \$118.5 million was paid in FY 2023, eliminating GFGO debt service for the foreseeable future. More about this and HB 251, the “debt free in 23” legislation, is found in the following section
- **Gold Hatched-IDGF** – GO bonds and special revenue bonds that are paid indirectly through the general fund. The revenues used to pay for this debt service would flow into the general fund were it not for these costs (\$1.5 million final payment in FY 2022)
- **Grey - Authorized/Unissued** – GO bonds paid by the general fund that have been authorized in statute but have not yet been issued. Liability for these authorized but unissued bonds totals \$22.3 million. In accordance with HB 251, those bonds would not be issued, but rather funds provided in the new state special revenue account would be used to forego the debt. However, if there is not a need to pay those funds, then the bonds could be issued after FY 2027, when the funds in the state special revenue fund will be diverted to other uses. Therefore, the payments are included as a possibility starting in FY 2028

General Fund Debt Impact of HB 251

Under HB 251, the legislature established a new state special revenue fund, the debt and liability free account; it authorizes the transfer of \$125.0 million of general fund, plus investment funds from July 1, 2022 through fiscal year-end 2025, to the new state special revenue fund. Funds transferred to the account must be used for the following purposes:

1. Pay the principal, interest, premiums, and any costs of fees associated with redeeming outstanding bonds, notes, or other obligations that have been authorized and issued and that are currently subject to optional redemption
2. Pay the principal, interest, premiums, and any costs or fees associated with defeasing outstanding bonds, notes, or other obligations that been authorized and issued but are not currently subject to optional redemption

3. Forego or reduce the amount of an issuance of general obligation bonds paid from the general fund authorized by the legislature but not yet issued by the Board of Examiners
4. Pay in whole or in part legally resolved non-pension financial liabilities of the State of Montana Legislature

There were four GFGO bonds that fall under the optional redemption category. For those bonds, \$21.2 million was used to pay off those bonds in FY 2023.

There were six GFGO bonds not currently subject to optional redemption. For those bonds, \$96.6 million was put into escrow for the debt and interest associated with the bonds in FY 2023. Since those funds are held in formal escrow, they are considered legally defeased, and the State has discharged its liability

Finally, the funding in the state special revenue account can be used to forego the issuance of the following bonds that have been previously authorized but not yet issued:

- Ft. Belknap Compact \$9,500,000
- St. Mary's Balance \$6,200,000
- HB 652 Balance \$6,638,000

The executive has statutory authority to utilize the funds in the account; however, by June 30, 2027, the any unobligated funds in the account will be transferred with 50% going to the capital development fund and 50% going to the general fund.

In total, \$117.7 million was paid in FY 2023 to eliminate GFGO bonds current debt, providing a future interest payment savings of approximately \$16.1 million and eliminating yearly debt service payments for ten existing GFGO bonds.

STATUTORY APPROPRIATIONS

Statutory appropriations are in statute and are not part of the biennial budgeting process. As such, they are not automatically reviewed by the legislature and are not subject to the priority setting process like temporary appropriations (such as those in HB 2). Since the appropriations are in statute, they remain in place until sunset, removed or changed by legislation. However, all statutory appropriations are available for the legislature to review and change if desired.

Valid statutory appropriations are contained in a list in [17-7-502, MCA](#). The list provides statutory citations for each statutory appropriation. Statutory appropriations are intended for limited situations, and guidelines for the appropriateness for establishing them are specified in [17-1-508, MCA](#). The Legislative Fiscal Division has prepared a [guide to statutory appropriations](#) for further information.

Legislative Action

The 2023 Legislature made changes to existing statutory appropriations and established new statutory appropriations. The decisions impacted general fund, state special revenue, federal special revenue, and enterprise funds. Significant legislative action included the following:

Updates to existing statutory appropriations

- [HB 59](#) delayed termination of statutory appropriations authorized to the Department of Livestock for livestock loss mitigation, livestock loss reduction restricted fund, and the predatory animal state special revenue fund
- [HB 76](#) repealed the statutory appropriation to the Department of Transportation for the local government road and maintenance match program and created the local government road construction and maintenance restricted fund to provide funding to cities, towns, counties, and consolidated city-county governments for the construction, reconstruction, maintenance, and repair of rural roads, city or town streets and alleys, and bridges
- [HB 91](#) extended the termination date on the statutory appropriation to the library commission for state aid to public libraries and accredited tribal college libraries for the per capita state aid formula
- [HB 274](#) revised the termination date of the statutory appropriation for the Department of Military Affairs for civil air patrol services
- [HB 292](#) revised the existing enterprise (proprietary) statutory appropriation for the board of accountancy into a permanent statutory appropriation by eliminating the termination date
- [HB 424](#) temporarily increased the existing Governor's disaster and emergency statutory general fund appropriation authority from \$16.0 million to \$20.0 million for the biennium. The legislation continued to allow the remaining unexpended and unencumbered authority to be transferred to the wildfire suppression fund at the end of the biennium

Established new statutory appropriations

- [HB 51](#) established an indemnity state special fund statutorily appropriated to the Department of Livestock to provide indemnity payments for animals slaughtered due to the disease under order of the Board of Livestock
- [HB 106](#) provides a federal special revenue statutory appropriation to the Department of Military Affairs for hazard mitigation assistance grants
- [HB 141](#) provides a statutory appropriation to the Department of Natural Resources and Conservation for the Blackfoot Tribe water rights compact mitigation state special revenue fund
- [HB 192](#) establishes a Montana surplus rebate state special account and provides a statutory appropriation to the Department of Revenue to issue individual income tax rebates to Montana residents and pay related administration costs
- [HB 222](#) provides for a general fund statutory appropriation to the Department of Revenue to issue property tax rebates to Montana property owners on their primary residences and pay related administration costs

- [HB 251](#) established a debt and liability free fund that is statutorily appropriated to the Governor's Office of Budget and Program Planning to pay the principal, interest, premiums, and any costs or fees associated with redeeming outstanding bonds, notes, or other obligations, including defeasing obligations. The legislation also provides for reducing or foregoing the general obligation bonds paid by the general fund and paying non-pension financial liabilities of the state. LFD estimates during session totaled \$326.5 million in available state special revenue funding for the three-year period (FY 2023-FY 2025) to provide for the provisions in HB 251. At the time of this writing, about \$118.5 million had been spent for loan and debt reduction in FY 2023
- [HB 267](#) established the securing access to federal expenditures to repair Montana roads and bridges state special fund. The fund is statutorily appropriated up to \$15.0 million each fiscal year to the Department of Transportation to provide matching state funds for additional federal funds for construction and reconstruction prioritized by the transportation commission
- [HB 332](#) created a state school health trust operating reserve state special fund statutorily appropriated to the Office of Public Instruction for the one-time-only distribution of \$40.0 million to the first self-funded district health insurance trust qualified by the state auditor. If no qualifying district exists by June 30, 2026, the fund balance will be transferred to the capital development fund
- [HB 393](#) established a Montana special needs equal opportunity education savings fund to reimburse parents for allowable special needs educational resources. The fund is administered by the Office of Public Instruction (OPI). A sub-fund, special needs equal opportunity ESA administration, consisting of 5.0% of the special needs equal opportunity education savings fund, is statutorily appropriated to OPI for administration of the program
- [HB 408](#) establishes an innovative educational program fund that is statutorily appropriated to OPI for distribution to school districts that receive advanced opportunity aid under the provisions of [20-7-1506, MCA](#)
- [HB 424](#) established a local disaster resiliency fund that provides a general fund statutory appropriation to the Department of Military Affairs of \$4.0 million each fiscal year. The fund may be used for state and local mitigation projects that reduce the risk of future disasters, matching grants for hazardous material equipment and training, and cost sharing for personnel performing mitigation program management
- [SB 536](#) established a local road and bridge state special revenue fund that provides a statutory appropriation to the Department of Transportation for funding or providing a state match for the reconstruction and repair of off-system bridges; secondary highway routes; urban highway system routes; or providing a state matching source, at the discretion of the department, for discretionary grants for road and bridge repair or reconstruction awarded to local governments

Statutory Appropriations FY 2018 - FY 2025 (\$ Millions)								
	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Actual	(Estimate)	(Estimate)	(Estimate)
General Fund								
Retirement								
19-3-320 Statutory Appropriation to PERS	\$31.386	\$31.958	\$33.951	\$34.291	\$34.634	\$34.980	\$35.330	35.683
19-3-319 Local Gov. Retirement Contribution	0.969	1.115	1.151	1.204	1.240	1.280	1.322	1.365
19-6-404 MHP Retirement Transfer	1.460	1.694	1.710	1.837	1.865	1.926	1.988	2.053
19-6-410 MHP Supplemental Retirement Transfer	0.250	-	-	-	-	-	-	-
19-9-702 Police Retirement Contribution	15.858	15.982	16.636	17.387	18.122	18.711	19.319	19.947
19-13-604 Firefighters' Association Contribution	16.157	16.606	17.721	18.438	19.436	20.068	20.720	21.393
19-17-301 Volunteer Firefighter Fund Contribution	2.212	2.370	2.487	2.592	2.852	2.995	3.144	3.302
19-18-512 Fire Department Relief Association Contribution	0.390	0.386	0.404	0.394	0.394	0.394	0.394	0.394
19-19-305 Police (Non-PERS) Retirement Contribution	0.216	0.206	0.202	0.184	0.167	0.159	0.151	0.143
19-19-506 Police Officer Pension Supplemental Contribution	-	-	-	-	-	-	-	-
19-20-604 Teacher's Retirement Supplemental Contribution	0.909	0.930	0.949	0.996	1.037	1.071	1.106	1.142
19-20-607 Teachers' Retirement System Contribution	44.096	44.565	44.999	46.025	46.962	47.901	48.859	49.837
19-21-203 MUS Retirement Contribution	1.767	1.790	1.814	1.802	1.836	1.855	1.873	1.892
Subtotal	\$115.669	\$117.603	\$122.026	\$125.148	\$128.546	\$131.339	\$134.207	\$137.150
Economic Development								
15-35-108(11)(b)(i)(A) Coal Sev. to Coop. Dev. Center	0.065	0.065	0.065	0.065	0.065	0.065	0.065	0.065
15-35-108(11)(b)(i)(B) Coal Sev. to Growth Through Ag	0.623	0.625	0.899	0.898	0.854	0.900	0.900	0.900
15-35-108(11)(b)(i)(C) Coal Sev. to MT Food & Ag	-	-	0.600	0.595	0.596	0.600	0.600	0.600
15-35-108(11)(b)(ii) Coal Sev. to Dept. of Commerce	1.099	1.099	1.799	1.799	1.800	1.800	1.800	1.800
15-70-433 Biodiesel Tax Refunds	-	-	-	-	-	-	-	-
Subtotal	1.788	1.789	3.363	3.358	3.315	3.365	3.365	3.365
Local Assistance								
7-4-2502 Payment of County Attorneys	3.452	3.460	3.518	3.583	3.843	3.936	4.051	4.170
15-1-121 Local Government Combined Distribution	133.853	135.581	140.545	144.476	148.751	153.520	161.784	167.123
22-1-327 State Aid to Public Libraries	-	-	0.395	0.394	0.434	0.423	-	-
Subtotal	137.304	139.040	144.459	148.453	153.027	157.879	165.835	171.293
Other								
HB 67 2021 Session	-	-	-	-	-	-	-	-
10-1-1202 National Guard Death Benefit	-	-	-	-	-	-	-	-
10-3-310 Incident Response Appropriation	-	-	-	-	-	-	-	-
10-3-312 Emergency and Disaster Appropriation	3.574	0.747	1.689	(0.447)	0.496	8.250	10.250	10.250
15-1-218 Out of State Collections	0.182	0.150	0.172	0.185	0.200	0.180	0.200	0.200
16-11-509 Tobacco Enforcement	-	-	-	-	-	-	-	-
17-3-106 Return of Federal Grant Interest	0.013	0.028	0.036	0.022	0.002	0.020	0.020	0.020
17-3-106 Return of Federal Grant Money (GSD Only)	0.276	0.415	0.314	0.276	0.253	0.307	0.307	0.307
17-3-106 Return of Federal Grant Money	0.213	0.155	0.139	0.259	0.294	0.212	0.212	0.212
HB 676 2019 Session	-	-	0.045	0.045	0.045	0.045	-	-
5-13-402 Legislative Audits	-	-	-	-	-	-	-	-
17-1-205 Loan to G.F./other	0.075	-	-	-	-	-	-	-
17-6-101 Banking Charges	2.235	2.170	2.282	2.431	2.275	2.279	2.279	2.279
17-7-502(4) Bond Fees & Costs (Debt Service)	12.395	9.370	8.150	10.889	14.356	15.566	(15.656)	(14.964)
17-7-502(4) Bond Fees & Costs (Issuance costs)	-	-	0.075	0.078	0.072	-	-	-
Highways & Engineering	-	-	-	0.174	0.001	-	-	-
Aquatic Invasive Species	-	-	-	-	-	-	-	-
53-6-1304 SB 405 HELP Act	42.634	45.666	-	-	-	-	-	-
2023 Session								
HB 91	-	-	-	-	-	-	0.488	0.488
HB 274	-	-	-	-	-	-	0.045	0.045
HB 222	-	-	-	-	-	-	141.777	142.366
HB 424	-	-	-	-	-	-	4.000	4.000
Subtotal	61.598	58.700	12.902	13.912	17.993	26.859	143.921	145.203
General Fund Total	\$316.360	\$317.133	\$282.750	\$290.872	\$302.881	\$319.442	\$447.328	\$457.011
Remaining Statutory Appropriations - Legislative Fiscal Division Estimates								
(\$ Millions)								
	2018	2019	2020	2021	2022	2023	2024	2025
	Actual	Actual	Actual	Actual	Actual	(Estimate)	(Estimate)	(Estimate)
State Special Funds								
20-9-622 Guarantee Account to BASE Aid	53.052	45.970	45.551	47.945	47.843	50.344	54.399	56.843
15-36-332 Oil & Gas Distribution to Counties	53.594	52.788	38.215	40.986	71.153	76.733	69.159	68.010
15-65-121 Lodging Tax Distribution	25.485	31.359	24.840	19.468	40.332	45.050	50.637	54.434
15-70-101 Fuel Tax to Local Governments	20.218	26.202	38.982	40.013	38.174	41.607	41.882	42.243
17-3-241 Mineral Impact Account	5.779	6.819	7.078	6.212	3.824	9.381	8.071	6.764
HB 141, 2023 session proposed, 85-20-1504 Blackfoot Water Compact Mitigation Fund								
2023 Session								
HB 51	-	-	-	-	-	-	0.01	0.01
HB 59	-	-	-	-	-	-	-	-
HB 76	-	-	-	-	-	-	-	-
HB 141	-	-	-	-	-	-	-	-
HB 192 (extra in HB 816)	-	-	-	-	-	-	515.000	-
HB 251	-	-	-	-	-	101.367	126.591	98.569
HB 332	-	-	-	-	-	-	-	-
HB 393	-	-	-	-	-	-	-	-
HB 408	-	-	-	-	-	-	-	-
SB 536	-	-	-	-	-	-	40.000	20.000
All Other State Special	122.744	92.469	100.384	101.957	111.790	104.710	106.152	107.551
State Special Total	\$280.871	\$255.607	\$255.050	\$256.582	\$313.116	\$429.193	\$1,011.901	\$454.423
Federal Special Funds								
53-6-1304 SB 405 HELP Act	\$672.988	\$677.628	-	-	-	-	-	-
53-6-148 Indian Health Services	74.823	77.490	77.231	67.348	88.980	90.314	94.556	94.556
17-3-212 Federal Forest Funds to Counties	15.120	14.177	13.801	12.197	14.383	19.831	19.831	4.682
17-7-502(4) Highway 93 Debt Service	15.125	15.110	15.412	3.924	3.920	3.927	-	-
Coronavirus Relief	-	-	93.093	1,184.619	18.962	5.030	-	-
HB 106, 2023 Session	-	-	-	-	-	-	-	-
All Other Federal Funds	29.099	13.206	11.797	17.958	15.646	15.133	16.246	15.675
Federal Special Total	\$807.155	\$797.612	\$211.334	\$1,286.246	\$141.890	\$134.235	\$130.633	\$114.914
Capital Projects and Enterprise Funds								
23-7-402 Lottery Prizes	32.551	34.460	36.791	80.419	77.925	77.379	82.386	87.081
23-7-301 Lottery Commission/Fees	8.110	8.657	9.065	13.322	14.661	15.062	15.796	16.565
HB 553 2019 Session	-	-	-	-	-	-	-	-
HB 292 existing, 2023 session eliminates termination date	-	-	-	-	-	-	-	-
All Other	2.405	3.055	3.153	1.939	1.255	2.116	1.770	1.713
Capital Projects and Enterprise Funds Total	\$43.066	\$46.172	\$49.010	\$95.680	\$93.840	\$94.557	\$99.952	\$105.360
Total Statutory Appropriations (All Funds)	\$1,447.451	\$1,416.524	\$798.144	\$1,929.380	\$851.727	\$977.427	\$1,689.813	\$1,131.708

GENERAL FUND TRANSFERS

The Montana Constitution requires that all money paid out of the state treasury, except interest paid on the public debt, be done with an appropriation. However, the state treasury consists of multiple funds, and with proper legislative authorization, money may be transferred from one fund to another without an appropriation. Like statutory appropriations, these transfers and authorizations are existing law and are not part of the biennial budgeting process. Transfers impact the amount of money available for the legislature to appropriate for specific programs.

Legislative Action

The 2023 Legislature authorized, changed, or adopted multiple general fund transfers. Significant changes for the 2025 biennium are as follows:

- [HB 5](#) transferred \$6.0 million from the state general fund to the capital developments long-range building program fund and \$5.0 million in state general fund to the emergency shelter facility infrastructure fund
- [HB 6](#) transferred \$26.0 million from the state general fund to the natural resources state special revenue account. The legislature intends to phase out annual general fund transfers to that fund by 2027
- [HB 10](#) transfers \$145.2 million from the state general fund to the long-range information technology program fund on an as needed basis by June 30, 2025. The intention is to use the funding as needed for the Montana Enhanced Registration and Licensing Information Network (MERLIN) replacement project at the Department of Justice
- [HB 18](#) transferred \$61,000 from the state general fund to the missing persons response team training grant state special revenue fund
- [HB 163](#) transferred \$5,000 from the state general fund to the looping in native communities network state special revenue fund
- [HB 192](#) transferred \$480.0 million from the state general fund to the Montana surplus rebate fund
- [HB 251](#)
 - authorizes the transfer of the interest earnings on the treasury cash account (TCA) from the state general fund to a newly established debt and liability free fund for the 2025 biennium only. LFD estimates for interest earnings on TCA during the 2023 session were \$326.5 million over the three years (FY 2023 – FY 2025). TCA is a volatile source to estimate with interest rates regularly altered by the federal central bank. Actual transfers in FY 2023 were \$143.6 million, however as consumer price indices fall and interest rates stabilize, FY 2024 and FY 2025 actuals may come in closer to estimates
 - Liabilities of the state other than debt include annual general fund transfers to the State Fund for Libby asbestos claims. Once paid, other liabilities save general fund approximately \$25.0 million each year
 - Transfers \$18.6 million from state general fund to the statewide public safety communications system account
- [HB 267](#) transferred \$100.0 million from state general fund to the securing access to federal expenditures to repair (SAFER) Montana roads and bridges account
- [HB 321](#) transferred from the general fund to the school facilities fund the amount necessary to bring the fund balance in the school facilities fund to \$200.0 million. This amount is estimated to be \$71.6 million in state general fund
- [HB 332](#) transferred \$40.0 million from the general fund to the state school health trust operating reserve fund
- [HB 424](#) transferred a total of \$425.0 million from the state general fund to the following funds: \$377.0 to the budget stabilization reserve fund; \$30.0 million to the state self-insurance reserve fund; and \$18.0 million to the office of the commissioner of higher education for the Montana university system for one-time benefit of university system employees

- [HB 816](#) transferred \$35.0 million from the general fund to the Montana surplus rebate fund
- [HB 819](#) transferred \$50.0 million from the general fund to the Montana community reinvestment plan and \$106.0 million from the general fund to the Montana housing infrastructure revolving loan fund
- [HB 835](#) transferred \$56.5 million from the state general fund to the Medicaid and 24/7 facility contingency state special revenue fund
- [HB 856](#) transferred \$25.0 million from the state general fund to the capitol complex legislative branch state special revenue and \$25.0 million state general fund to the capitol complex executive branch state special revenue
- [HB 864](#) transferred \$500 from the state general fund to the primary sector business training fund
- [HB 868](#) transferred \$100 from the state general fund to the natural resources operations state special revenue fund
- [HB 872](#) transferred \$225.0 million in state general fund to the behavioral health system for future generations state special revenue fund and \$75.0 million in state general fund to the capital developments long-range building program fund
- [HB 883](#) transferred \$152.0 million in state general fund to the wildfire suppression fund
- [HB 952](#) transferred \$400,000 from the state general fund to the autism facilities state special revenue fund
- [SB 294](#) transferred \$10.0 million from the general fund to the end of watch trust. This was intended to be a one-time-only transfer
- [SB 536](#) transferred \$100.0 million from the general fund to the local road and bridge state special revenue fund

General Fund Non-Budgeted Transfers: LFD Estimates

Statutory Reference	(\$ Millions)						2024 Estimate	2025 Estimate
	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Estimate		
Vehicle								
15-1-122(1) Adoption Services Account	\$0.072	\$0.245	\$0.154	\$0.169	\$0.186	0.204	\$0.225	\$0.247
15-1-122(2) Research & Commercialization Account	1.275	1.275	(0.203)	-	-	-	-	-
15-1-122(2)(a) Motor Vehicle Recycling & Disposal Program	1.620	1.649	1.606	1.828	1.642	1.793	1.809	1.824
15-1-122(2)(b) Noxious Weed Account	1.641	1.671	1.628	1.853	1.664	1.817	1.834	1.849
15-1-122(2)(c)(i) Boat Facilities & Off-Highway Vehicles	0.503	0.512	0.499	0.568	0.510	0.557	0.562	0.567
15-1-122(2)(c)(ii) Snowmobile Facility Development & Maint.	0.109	0.111	0.109	0.124	0.111	0.121	0.122	0.123
15-1-122(2)(c)(iii) Motorboat Account	0.175	0.178	0.174	0.198	0.178	0.194	0.196	0.197
15-1-122(3)(d) State Veterans' Cemetery Account	0.159	0.217	0.216	0.246	0.221	0.241	0.243	0.245
15-1-122(2)(d) Veteran's Services Account	0.554	0.668	0.663	0.755	0.678	0.740	0.747	0.753
15-1-122(3)e Search & Rescue Account	0.062	0.044	0.043	0.049	0.044	0.048	0.049	0.049
Other Transfers								
15-1-122(4) Sage Grouse	2.000	2.000	2.000	2.000	-	-	-	-
15-1-122(3)(a) Livestock Loss	0.200	0.200	0.300	0.300	0.300	0.300	0.300	0.300
15-1-122(3)(b) Livestock Loss (2021 session)					0.100	0.100	0.100	0.100
17-1-511(2) Rural Physicians	0.227	0.227	0.227	0.227	0.227	0.227	0.227	0.227
39-11-206 Commerce Training Account	0.600	0.600	0.600	0.600	0.600	0.600	0.600	0.600
39-71-2352(6) Old State Fund Shortfall	8.050	10.000	9.200	7.300	7.494	(7.238)	(7.173)	(5.938)
44-4-1607 DOJ Statewide Public Safety Communication System Account			3.750	3.750	3.750	3.750	3.750	3.750
77-1-108(5a) Trust Land Adm.	0.080	-	0.080	-	0.080	-	0.080	0.000
85-2-280 Water Adjudication	3.179	3.864	2.600	4.100	2.663	2.763	4.100	4.180
85-2-527 Ground Water			0.250	0.258	0.258	0.258	0.258	0.258
87-2-801(6) Purple Heart Free Hunting	0.025	-	0.000	0.000	-	-	-	-
87-2-803(12d) Military Free Hunting	0.000	-	0.016	0.016	0.016	0.016	-	-
HB 373 (2021 session)					1.090	1.036	1.029	1.022
HB 374 (2021 session)				1.000	1.176	1.201		
One-time transfers								
17-7-130 Budget Stabilization Reserve Fund		15.000	57.052	1.129	4.705	-	-	-
76-13-150 Fire Suppression Account		21.500	30.344	46.754	35.350	7.671	17.40	19.80
17-7-209 Capital Development Long Range Building Program Fund				228.302	115.084	259.689		
2017 Special Session Transfers	25.309	45.721						
HB 652 (2019 Session)			9.00					
HB 647 (2017 Session)	-	0.400	-	-	-	-		
HB 158 (2019 Session)	-	-	0.050	-	-	-	-	-
HB 631 (2019 Session)	-	-	0.045	-	-	-	-	-
HB 633 (2019 Session)	-	-	0.000	-	-	-	-	-
HB 662 (2019 Session)	-	-	0.000	-	-	-	-	-
HB 684 (2019 Session)	-	4.103	-	-	-	-	-	-
HB 715 (2019 Session)	-			-	-	-	-	-
SB 312 (2019 Session)	-	-	0.025	-	-	-	-	-
HB 5 (2019 & 2021 session)			2.500	2.000				
HB 10 (2019 & 2021 session)				7.313		0.500	0	0
HB 14 (2021 session)				58.600	2.099			
HB 92 (2021 session)					0.700	-	-	-
HB 98 (2021 session)					0.050			
HB 374 (2021 session)				1.000				
SB 191 (2021 session)				165.000				
HB 5 (2023 session)							11.000	
HB 6 (2023 session)							26.000	
HB 10 (2023 session)							72.615	72.615
HB 18 (2023 session)							0.061	
HB 163 (2023 session)							0.005	
HB 192 (2023 session)						480.000		
HB 251 (2023 session)						101.367	126.591	98.569
HB 267 (2023 session)						100.000		
HB 321 (2023 session)							71.631	
HB 332 (2023 session)							40.000	
HB 424 (2023 session)						425.000		
HB 816 (2023 session)						35.000		
HB 819 (2023 session)							156.000	
HB 835 (2023 session)						56.500		
HB 856 (2023 session)						50.000		
HB 864 (2023 session)							0.001	
HB 868 (2023 session)							0.000	
HB 872 (2023 session)						145.000	155.000	
HB 952 (2023 session)							0.400	
SB 294 (2023 session)							10.000	
SB 536 (2023 session)							100.000	
Other Adjustments	(0.212)	-	-	-	-	-		
Total General Fund	\$45.629	\$110.187	\$122.926	\$535.438	\$180.977	\$1,669.456	\$795.762	\$201.338

OTHER GENERAL FUND APPROPRIATION LEGISLATION

In addition to HB 2, long-range capital projects appropriations, statutory appropriations, and non-budgeted transfers, general fund appropriation authority was provided through other bills as adopted by the 2023 Legislature. The following table summarizes other appropriation bills (general fund only) commonly referred to as cat and dog bills. The general fund appropriation bills total \$428.3 million for the three-year period. At the time the table was produced, bill statuses in the LAWS system were not final, as a result, discrepancies may have occurred.

General Fund Appropriations			
(\$ Millions)			
	FY 2023	FY 2024	FY 2025
HB0001 Feed bill to fund 68th legislative session and prepare for 2025	\$11.0	\$2.7	\$2.7
HB0003 Supplemental Appropriations Bill	12.6	0.0	0.0
HB0005 Long-range building appropriations	-	7.3	17.8
HB0013 State Employee Pay Plan and revising laws governing state employees	9.3	30.0	60.3
HB0016 Revise laws relating to child abuse and neglect proceedings	-	0.4	0.4
HB0019 Revising laws related to Indian affairs and economic development	-	0.0	0.0
HB0029 Revise laws related to involuntary commitment of people with dementia or TBI	-	0.0	0.0
HB0114 Revise timelines for water right permit and change process	-	0.6	0.6
HB0163 Revise and extend Missing Indigenous Persons Task Force	-	0.1	0.1
HB0185 Increase appropriation to MSU Fire Service Training School	-	0.2	0.1
HB0220 Create select committee on energy resource planning and acquisition	-	0.1	0.0
HB0257 Revise education laws related to advanced opportunities program	-	4.0	4.0
HB0264 Establish decennial veterans' long term care needs study	-	0.0	0.0
HB0321 Generally revise laws related to the coal trust	-	0.0	-
HB0346 Revise the tribal computer programming scholarship program	-	0.0	0.0
HB0352 Provide targeted interventions to support 3rd grade reading proficiency	-	-	1.5
HB0355 Appropriate funds for local government infrastructure projects	-	-	20.0
HB0362 Revise laws related to the crisis intervention team training program	-	0.3	0.3
HB0377 Create a 250th commission for Montana	-	0.1	0.1
HB0382 Revise education laws related to career and technology student organizations	-	0.4	0.4
HB0393 Establish the Students with Special Needs Equal Opportunity Act	-	0.1	0.0
HB0424 Generally revise sustainability of state finance and provide for transfers	2.5	0.0	0.2
HB0520 Interim study of private ponds	-	0.0	0.0
HB0569 Generally revise pension laws	-	95.6	0.0
HB0648 Provide for the best beginnings scholarship program	-	7.0	7.0
HB0749 Revise Montana digital academy laws	-	1.0	1.0
HB0816 Revise distribution of surplus revenue	-	50.0	50.0
HB0817 Provide for capital projects	-	4.0	4.0
HB0819 Create Montana community reinvestment act to fund workforce housing	-	9.5	9.5
HB0821 Appropriate money to dept. of ag for weed control	-	0.3	-
HB0830 Optional alternative property tax payment schedule for primary residences	-	0.0	-
HB0833 Establish teacher residency program	-	-	2.0
HB0840 Revise tobacco tax allocation for state veterans' nursing homes	-	0.0	-
HB0855 Provide for plaque or tribute commemorating Chuck Johnson	-	0.0	-
HB0862 Prohibit use of public funds for abortion and exceptions	-	0.0	-
HB0880 Make the huckleberry the official state fruit of Montana	-	0.0	-
HB0890 Require certain govt boards to provide audio/video recordings of public meetings	-	0.0	-
HB0892 Prohibit double voting	-	0.0	-
HB0902 Generally revise driving laws	-	0.0	-
HB0904 Generally revise commercial driver's license laws	-	0.1	0.0
HB0918 Eliminating DPHHS registration requirement of day-care homes for zoning purposes	-	0.0	0.0
HB0920 Revise capitol complex laws recognizing US senator Thomas Carter	-	0.0	-
HB0938 Generally revise encroachment permit law	-	0.0	-
HB0947 Revise election laws	-	0.0	-
HB0949 Generally revise education laws related to data governance	-	0.1	0.1
HB0971 Revise environmental policy act	-	0.0	-
SB0011 Generally revise criminal justice system laws	-	0.0	0.0
SB0182 Create task force on a court system for dependency and neglect cases	-	0.1	0.0
SB0229 Reimburse counties for actual witness costs	-	0.2	0.2
SB0352 Create task force to modify and improve the child protective services system	-	0.0	0.0
SB0481 Require cast vote records	-	0.1	0.1
Total	\$35.3	\$214.3	\$182.4

Legislative Action - Highlights

The following bills contain general fund appropriations for the 2023 biennium:

HB 1 – Feed bill

The 2023 Legislature authorized \$16.4 million general fund appropriations to fund the operations of the legislature.

HB 3 – Supplemental Appropriations, \$12.6 million

The following agencies received supplemental general fund appropriations to cover shortfalls in their budgets:

- Department of Justice, \$5.7 million for upgrades for Highway patrol offices in Boulder, and legal and litigation fees
- Office of Public Defender, \$4.5 million for appellate defender shortfalls
- Department of Corrections, \$1.9 million for public safety division shortfalls
- Military Affairs, \$143,887 for National Guard scholarships,
- Legislative Branch, \$113,941 for renovation of legislative and staff office space
- Montana Historical Society, \$107,362 for additional rent for office space for displaced staff related to construction of the new museum building
- Office of Public Instruction, \$86,000
- Montana Arts Council, \$54,000

HB 5 \$21.7 million for operations and maintenance costs for newly authorized buildings and other infrastructure projects. Please see the write up in the long-range planning section of this report for more details.

HB 13 - Provide for state employee pay plan, \$99.5 million

A pay plan for state employees was adopted by the legislature included authority to increase state employee base salary by 4.0% or \$1.50/hr. depending on whichever is greater on July 1, 2023 and July 1, 2024.

The plan provided a one-time bonus to state employees \$1,040 for full-time or \$780 for part-time (20 hours+) or \$520 for less than 20 hours a week.

The bill also removed the state general election holiday for all state employees and replaced it with a floating holiday.

HB 16 – Revises procedures related to child abuse neglect proceedings, \$750,000

\$450,000 general fund appropriations for the 2025 biennium to the Office of Court Administrator to pay for the costs of training and hiring facilitators for the prehearing conferences.

\$300,000 general fund appropriations for the 2025 biennium to the Office of State Public Defender to pay for the cost of providing legal representation to parents and guardians during the emergency protective services hearing and the prehearing conferences.

HB 19 – Revises laws related to Indian affairs and economic development, \$1

\$1 general fund appropriation for the 2025 biennium to the Department of Commerce to fund the development of a data system to quantify the economic contributions of the tribes.

HB 29 – Revises laws related to involuntary commitment of people with dementia or traumatic brain injury, \$39,775

There is a one-time-only general fund appropriation of \$39,775 for the 2025 biennium to the Legislative Services Division for the costs of the new transition review committee.

[HB 114](#) – Revise timelines for water right permit and change process, \$1.2 million

There is appropriated \$638,299 general fund for FY 2024 and appropriated \$604,025 general fund for FY 2025 to the Department of Natural Resources and Conservation to partially fund 13.00 FTE and associated operating costs.

It is the intent of the legislature that the appropriation for FY 2025 and the 13.00 FTE be included as part of the base budget for the 2027 biennium.

[HB 163](#) – Revise and extend Missing Indigenous Persons Task Force, \$205,162

\$205,162 appropriated general fund for the 2025 biennium to the Department of Justice for the operation of the missing indigenous person review commission. The legislature intends that the appropriation be considered part of the ongoing base for the next legislative session.

[HB 185](#) – Increase appropriation to MSU Fire Service Training School, \$824,304

For each fiscal year of the 2025 biennium, there is \$352,152 appropriated general fund to the Montana University System to fund the fire services training school.

There is a one-time-only general fund appropriation of \$120,000 for the 2025 biennium to the Montana University System to fund the fire services training school.

The legislature intends that the appropriation be considered part of the ongoing base for the next legislative session. The purpose of the appropriations is to increase two current part-time training positions to full-time positions, to increase the service life of two fire engines, and to provide other materials required for training purposes.

[HB 220](#) – Create select committee on energy resource planning and acquisition, \$85,000

There is appropriated \$85,000 general fund for the 2025 biennium to the Legislative Services Division to support the activities of the select committee on energy resource planning and acquisition.

[HB 257](#) – Revise education laws related to advanced opportunities program, \$8.0 million

For each fiscal year of the 2025 biennium, there is \$4.0 million appropriated general fund to the Office of Public Instruction for distributions of advanced opportunity aid to school districts. The legislature intends that the appropriation be considered part of the ongoing base for the next legislative session.

[HB 264](#) – Establish decennial veterans' long term care needs study, \$40,000

There is appropriated \$40,000 general fund for the 2025 biennium to the Department of Public Health and Human Services for the purpose of conducting the veteran's long-term care needs study. Any funds not used for the survey at the end of the biennium revert to the general fund.

[HB 321](#) – Generally revise laws related to the coal trust, \$1,000

There is appropriated \$1,000 general fund for the 2025 biennium to the coal board to provide additional grant funds.

[HB 346](#) – Revise the tribal computer programming scholarship program, \$96,000

For each fiscal year of the 2025 biennium, there is \$48,000 appropriated general fund to the Department of Labor and Industry for the purpose of the teacher professional development component of the tribal computer programming boost scholarship program.

[HB 352](#) – Provide targeted interventions to support 3rd grade reading proficiency, \$1.5 million

For FY 2025, there is appropriated \$1.5 million general fund to the Office of Public Instruction for the per-student costs of the home-based early literacy program. The legislature intends that the appropriation be considered part of the ongoing base for the next legislative session.

[HB 355](#) – Appropriate funds for local government infrastructure projects, \$20.0 million

There is appropriated \$20 million general fund for the 2025 biennium to the Department of Commerce to distribute funds to grant recipients awarded in compliance with the bill for eligible projects as recommended by each legislative body of a city or town.

\$15.0 million must be divided among the incorporated cities and towns with a population of less than 10,000 as of the most recent decennial federal census.

\$5.0 million must be divided among the incorporated cities with a population of more than 10,000 as of the most recent decennial federal census.

[HB 362](#) – Revise laws related to the crisis intervention team training program, \$600,000

For each fiscal year of the 2025 biennium, there is appropriated \$300,000 general fund to the Board of Crime Control for the crisis intervention team training program. It is the intent of the legislature that this appropriation be included as part of the base budget for the Board of Crime Control for the 2027 biennium.

[HB 377](#) – Create a 250th commission for Montana, \$177,557

There is appropriated \$177,557 general fund for the 2025 biennium to the Montana Historical Society for the establishment of the Montana 250th Commission. The commission is formed to promote civic engagement and increase public awareness of United States and Montana government and history.

[HB 382](#) – Revise education laws related to career and technology student organizations, \$700,000

For each fiscal year of the 2025 biennium, there is \$350,000 appropriated general fund to the Office of Public Instruction for performance grants under the state-level strengthening career and technical student organizations program. The legislature intends that the appropriation be considered part of the ongoing base for the next legislative session.

This appropriation is in addition to the \$553,000 appropriation in HB 2. The legislature intends that there be two separate appropriations in the ongoing base for the next legislative session. The appropriation from HB 2 be for base funding and the appropriation from HB 382 be for performance grants.

[HB 393](#) – Establish the Students with Special Needs Equal Opportunity Act, \$105,000

There is appropriated \$75,000 general fund for FY 2024 and appropriated \$30,000 general fund for FY 2025 to the Office of Public Instruction for the purpose of Montana special needs equal opportunity education savings account program administrative costs.

[HB 424](#) – Generally revise sustainability of state finance and provide for transfers, \$2.7 million

There is appropriated \$25,000 general fund for the 2025 biennium to the Legislative Fiscal Division for the costs associated with the state budget process and personal services study.

For FY 2023, there is appropriated \$2.5 million general fund to the Office of State Public Defender for the purposes of operating the office.

For FY 2025, there is appropriated \$175,000 general fund to the Legislative Branch to be used only to change data backup services for the Miles City data center.

[HB 520](#) – Interim study of private ponds, \$50,000

There is appropriated \$50,000 general fund for the 2025 biennium to the Legislative Services Division to pay for costs associated with the study of private ponds.

[HB 569](#) – Generally revise pension laws, \$95.6 million

The Montana Public Employees' Retirement Board received the following general fund appropriations for FY 2024:

- \$27.6 million to amortize the highway patrol officer's retirement system in 25 years
- \$26.8 million to amortize the sheriffs' retirement system in 25 years
- \$41.2 million to amortize the game wardens' and peace officers' retirement system in 25 years

[HB 648](#) – Provide for the best beginnings scholarship program, \$14.0 million

The Department of Public Health and Human Services is appropriated \$14.0 million for the biennium. This appropriation is restricted for use for the purposes of the best beginnings childcare scholarship program, family income eligibility requirements, copayment requirements, and payments for eligible children.

Prior to accessing this appropriation, the department shall maximize all existing general, state special, and federal funds appropriated for the purposes of carrying out the best beginnings scholarship program.

[HB 749](#) – Revise Montana digital academy laws, \$1.9 million

For each fiscal year of the 2025 biennium, there is \$950,000 appropriated general fund to the Office of the Commissioner of Higher Education for the Montana Digital Academy clearinghouse.

The purpose of the clearinghouse is to provide additional choice and flexibility to build local capacity for serving students with remote instruction courses, models, and materials.

[HB 816](#) – Revise distribution of surplus revenue, \$100.0 million

There is appropriated \$100.0 million general fund for the 2025 biennium to the Department of Revenue to be used to supplement property tax rebates.

[HB 817](#) – Provide for capital projects, \$8.1 million

There is appropriated \$176,560 general fund for operations and maintenance for the 2025 biennium to the Department of Corrections replacement of low-side housing for the Montana State Prison.

For each fiscal year of the 2025 biennium, there is appropriated \$3.9 million of general fund to the Department of Corrections to contract for 120 prison beds.

[HB 819](#) – Create Montana community reinvestment act to fund workforce housing, \$19.0 million

There is appropriated \$6.0 million general fund for the 2025 biennium to the Governor's Office of Economic Development for the use of state trust land for attainable housing.

There is appropriated \$1.0 million general fund for the 2025 biennium to the Department of Commerce and may only be used to provide planning grants to local governments and tribal governments for planning and zoning reforms to increase housing supply and to cover administration costs of the grant program. In addition, there is appropriated \$12.0 million general fund for the 2025 biennium to advance construction or purchase of workforce housing of employees who work at state-owned facilities that house state inmates or behavioral health patients.

[HB 821](#) – Appropriate money to Department of Agriculture for weed control, \$250,000

There is a one-time-only general fund appropriation of \$250,000 for the 2025 biennium to the Department of Agriculture for the purpose of providing grants for the managing and controlling of existing infestations of various weeds within Yellowstone, Musselshell, and Stillwater Counties.

[HB 830](#) – Optional alternative property tax payment schedule for primary residences, \$35,000

There is appropriated \$35,000 general fund for the 2025 biennium to the Department of Administration to purchase software upgrades and e-check systems for counties to implement the alternative payment schedule for primary residences.

[HB 833](#) – Establish teacher residency program, \$2.0 million

For FY 2025, there is appropriated \$2.0 million general fund to the Office of Public Instruction for administering the teacher residency program. The legislature intends that the appropriation be considered part of the ongoing base for the next legislative session.

[HB 840](#) – Revise tobacco tax allocation for state veterans' nursing homes, \$100

For FY 2024, there is appropriated \$100 general fund to the Department of Revenue for the purpose of complying with administrative and computer programming expenses.

[HB 855](#) – Provide for plaque or tribute commemorating Chuck Johnson, \$100

There is appropriated \$100 general fund for the 2025 biennium to the Montana Historical Society for the initial costs associated with the procurement and installation of the plaque commemorating Charles S. Johnson.

[HB 862](#) – Prohibit use of public funds for abortion and exceptions, \$1,000

There is appropriated \$1,000 general fund for the 2025 biennium to the Department of Public Health and Human Services for the purpose of updating written materials related to prohibiting the use of public funds for abortion.

[HB 880](#) – Make the huckleberry the official state fruit of Montana, \$500

There is appropriated \$500 general fund for the 2025 biennium to the Department of Transportation to design an image of a huckleberry for inclusion with other state symbols on the Montana Highway tourist map.

[HB 890](#) – Require certain govt boards to provide audio/video recordings of public meetings, \$5,000

There is appropriated \$5,000 general fund for the 2025 biennium to the Department of Administration to adopt administrative rules to provide guidance and best practices for local governments entities to create audio and video meeting recordings and store and make the records publicly available online.

[HB 892](#) – Prohibit double voting, \$1,000

There is appropriated \$1,000 general fund for the 2025 biennium to the Secretary of State to implement limits on voting rights.

[HB 902](#) – Generally revise driving laws, \$1,000

There is appropriated \$1,000 general fund for the 2025 biennium to the Department of Justice to implement changes relating to careless driving.

[HB 904](#) – Generally revise commercial driver's license laws, \$120,000

There is appropriated \$100,000 general fund for the 2025 biennium to the Department of Transportation to implement rulemaking for commercial driver's license entry-level driver training.

There is appropriated \$20,000 general fund for the 2025 biennium to the Department of Justice to implement commercial driver's license rulemaking and records checks.

[HB 918](#) – Eliminating DPHHS registration requirement of day-care homes for zoning purposes, \$500

There is appropriated \$500 general fund for the 2025 biennium to the Department of Public Health and Human Services to pay for costs associated with notifying local governments about the change in law regarding a family day-care home or a group day-care home zoning.

[HB 920](#) – Revise capitol complex laws recognizing US senator Thomas Carter, \$100

There is appropriated \$100 general fund for the 2025 biennium to the Montana Historical Society for the costs associated with the procurement and installation of the bust commemorating Thomas Carter.

[HB 938](#) – Generally revise encroachment permit law, \$1,000

There is appropriated \$1,000 general fund for the 2025 biennium to the Department of Transportation to implement duties of county commissioners concerning county roads, removal of highway encroachment, and notice to remove encroachment.

[HB 947](#) – Revise election laws, \$500

For FY 2024, there is appropriated \$500 general fund to the Commissioner of Political Practices to fund updates to the commissioner of political practices' website to reflect the changes regarding the limitation of action and treasurer record keeping.

[HB 949](#) – Generally revise education laws related to data governance, \$100,000

For each fiscal year of the 2025 biennium, there is appropriated \$50,000 general fund to the Department of Administration to establish the Education and Workforce Data Governing Board. The legislature intends that the appropriation be considered part of the ongoing base for the next legislative session.

[HB 971](#) – Revise environmental policy act, \$500

There is appropriated \$500 general fund for the 2025 biennium to the Department of Environmental Quality to update guidance documents regarding general directions for environmental impact statements.

[SB 11](#) – Generally revise criminal justice system laws, \$2,500

There is appropriated \$2,500 general fund for the 2025 biennium to the Legislative Services Division for the purposes of paying for additional travel costs related to the new member of the criminal justice oversight council.

[SB 182](#) – Create task force on a court system for dependency and neglect cases, \$81,031

The Legislative Services Division received the following general fund appropriations for the 2025 biennium to create an interim taskforce to study the dependency and neglect court system

- \$67,812, FY 2024
- \$13,219, FY 2025

[SB 229](#) – Reimburse counties for actual witness costs, \$300,000

For each fiscal year of the 2025 biennium, there is appropriated \$150,000 general fund to the Department of Justice. The appropriation is to only be used for reimbursing counties for fees and compensation of expert witnesses, except for cases in which a defendant may be sentenced to death.

[SB 352](#) – Create task force to modify and improve the child protective services system, \$15,000

There is appropriated \$15,000 general fund for the 2025 biennium to the Legislative Services Division to create the Interim Review of Child Protective Services workgroup and to carry out the activities of the workgroup.

LEGISLATIVE FINANCE COMMITTEE (LFC) INTERIM STUDIES

The Legislative Finance Committee members are included in the following interim work:

HB 5 Select Committee on Corrections Facility Capacity and System Development

The committee is composed of nine members including three members from the long-range planning interim budget committee appointed by the presiding officers of the legislative finance committee. The committee shall focus on establishing an overall framework and implementation plan for long-term facility needs and immediate improvements for department of corrections facilities. The committee shall prepare a final report of its findings and recommendations, and draft legislation if appropriate. The committee shall submit the final report to the legislative finance committee and the law and justice interim committee for approval prior to submission to the governor and the 69th legislature.

HB 424 Study of State Budget Process and Personal Services Expenditure Appropriations –

[HB 424](#) established a working group composed of members from of the legislative finance committee, the legislative fiscal division, and the office of budget and program planning to study the state budgeting process and the way the state budgets for personal services. Specifics about recommendations, methodology, and analysis are further discussed in HB 424.

HB 872 Provide Funding for Behavioral Health System for Future Generations

HB 872 gives the legislative finance committee the ability to review rules that define how the appropriation for capital projects in Section 9 of HB 872 will be allocated and spent. The LFC will receive a presentation of the commission's final recommendations by July 1, 2024.

Interim Budget Committees (IBC) – Legislation passed during the 2023 session made these committees permanent, but still under the purview of the LFC for any legislation the committees wish to pursue. IBC work plans are formulated using statute and additional work proposed by the committees. Please see the IBC [websites](#) for further information.

SJ 4 Pensions

SJ 4 requested that the State Administration and Veterans Affairs (SAVA) Interim Committee, in conjunction with the LFC, study the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) as well as the development of recommendations for a long-term strategic approach to funding the systems. The first SAVA committee meeting is scheduled for July 21, 2023. In addition, the LFD received funding for pension actuarial analysis for the current biennium. The LFD is in the beginning process of hiring an actuarial consulting firm. With this funding the LFC will be able to request analyses that are not provided in the annual valuation reports that are presented by PERS and TRS.

HB 2 FULL-TIME EQUIVALENT (FTE) CHANGES ONLY

Full-time-equivalent (FTE) is used to account for full and part-time employees of state government. The legislature does not appropriate FTE per se but instead uses FTE and its individual attributes such as salary and benefits to build the personal services budget. The FTE are also used to indicate which FTE can be used to build the base budget in the next biennium.

LEGISLATIVE ACTION

Legislative action resulted in both reductions and additions of FTE funding throughout state government. The primary area of reduction was in the Department of Labor and Industry. In addition to reductions, the legislature chose to move HB 2 funding for FTE to non-budgeted proprietary funding in the Department of Fish, Wildlife and Parks. Additional FTE funding was provided in other areas of the budget, primarily the Legislative Branch, Department of Justice, and Montana Historical Society.

Reductions and Funding Switch

The legislature adopted reductions for the following agencies:

- 39.50 FTE and \$4.4 million reduction over the biennium for the Department of Labor and Industry workforce services division. This reduces both state special and federal special revenue appropriations associated with these positions. The agency went through an extensive organizational review including staffing analysis and efficiency review. The result of the analysis concluded that these FTE were no longer needed
- Moved 50.73 FTE or \$6.6 million in funding from HB 2 to proprietary funding in the Parks and Outdoor Recreation division of the Department of Fish, Wildlife, and Parks

Additions





The legislature adopted most of the FTE increases in the following agencies:

- 25.95 FTE in the Legislative Branch for information technology positions, professional, and support staff for increased workload and interim committee activities
- 20.00 FTE in the Department of Justice for attorneys, human trafficking investigators, a sexual assault nurse, and maintenance workers at the Boulder campus
- Phased in an additional 24.46 FTE or \$3.1 million for the Montana Historical Society for the new museum, which includes 12.64 FTE in FY 2024 and 11.82 FTE in FY 2025. The FTE are distributed to the administration program, research center, museum program, and education program

ALL Funds HB 2 Only					
Row Labels	Base Budget	All Adj 2024	All Adj 2025	FY 2024	FY 2025
General Government					
11040 LEGISLATIVE BRANCH	146.39	25.95	25.95	172.34	172.34
11120 CONSUMER COUNSEL	5.54			5.54	5.54
31010 GOVERNOR'S OFFICE	56.57	4.00	4.00	60.57	60.57
32020 COMMISSIONER OF POLITICAL PRACTICES	6.00	1.00	1.00	7.00	7.00
34010 STATE AUDITOR'S OFFICE	72.50			72.50	72.50
58010 DEPARTMENT OF REVENUE	661.17	14.25	7.75	675.42	668.92
61010 DEPARTMENT OF ADMINISTRATION	140.67	3.25	3.25	143.92	143.92
65010 DEPARTMENT OF COMMERCE	54.05	7.75	7.75	61.80	61.80
66020 DEPARTMENT OF LABOR AND INDUSTRY	668.48	(39.00)	(39.50)	629.48	628.98
67010 DEPARTMENT OF MILITARY AFFAIRS	220.66	14.00	14.00	234.66	234.66
General Government Total	2,032.03	31.20	24.20	2,063.23	2,056.23
Health & Human Services					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	2,831.02	(0.10)	0.90	2,830.92	2,831.92
Health & Human Services Total	2,831.02	(0.10)	0.90	2,830.92	2,831.92
Natural Resources & Transp					
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	756.89	(44.98)	(44.98)	711.91	711.91
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	366.04	4.00	4.00	370.04	370.04
54010 DEPARTMENT OF TRANSPORTATION	2,018.27	3.00	1.50	2,021.27	2,019.77
56030 DEPARTMENT OF LIVESTOCK	132.87	5.00	5.00	137.87	137.87
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	539.61	1.00	1.00	540.61	540.61
62010 DEPARTMENT OF AGRICULTURE	119.66			119.66	119.66
Natural Resources & Transp Total	3,933.34	(31.98)	(33.48)	3,901.36	3,899.86
Judicial Br. Law Enf & Justice					
21100 JUDICIAL BRANCH	466.44	2.95	5.95	469.39	472.39
41100 DEPARTMENT OF JUSTICE	825.65	20.00	20.00	845.65	845.65
42010 PUBLIC SERVICE COMMISSION	36.00	2.00	2.00	38.00	38.00
61080 OFFICE OF STATE PUBLIC DEFENDER	302.44	8.00	8.00	310.44	310.44
64010 DEPARTMENT OF CORRECTIONS	1,282.17	11.50	11.50	1,293.67	1,293.67
Judicial Br. Law Enf & Justice Total	2,912.70	44.45	47.45	2,957.15	2,960.15
Education					
35010 OFFICE OF PUBLIC INSTRUCTION	153.27	-	-	153.27	153.27
51010 BOARD OF PUBLIC EDUCATION	3.00			3.00	3.00
51020 COMMISSIONER OF HIGHER EDUCATION	50.22			50.22	50.22
51130 SCHOOL FOR THE DEAF & BLIND	83.47	4.81	4.81	88.28	88.28
51140 MONTANA ARTS COUNCIL	7.00			7.00	7.00
51150 MONTANA STATE LIBRARY	30.46			30.46	30.46
51170 MONTANA HISTORICAL SOCIETY	54.38	12.64	24.46	67.02	78.84
Education Total	381.80	17.45	29.27	399.25	411.07
Grand Total	12,090.89	61.02	68.34	12,151.91	12,159.23

ONE-TIME-ONLY HB 2 FTE

The legislature included one-time-only (OTO) HB 2 FTE. The following figure details the OTOs in HB 2. The primary change to OTO FTE was \$1.7 million one-time-only general fund for 13.00 FTE related to various probation and parole functions. Additional discussion of each can be found in the narratives for the individual agencies listed.

ALL Funds HB 2 Only						
Row Labels		Base Budget	All Adj 2024	All Adj 2025	FY 2024	FY 2025
 General Government						
66020 DEPARTMENT OF LABOR AND INDUSTRY			1.00	0.50	1.00	0.50
General Government Total			1.00	0.50	1.00	0.50
 Natural Resources & Transp						
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY			3.00	3.00	3.00	3.00
Natural Resources & Transp Total			3.00	3.00	3.00	3.00
 Judicial Br. Law Enf & Justice						
21100 JUDICIAL BRANCH			2.50	2.50	2.50	2.50
41100 DEPARTMENT OF JUSTICE			1.00	1.00	1.00	1.00
64010 DEPARTMENT OF CORRECTIONS			13.00	13.00	13.00	13.00
Judicial Br. Law Enf & Justice Total			16.50	16.50	16.50	16.50
Grand Total			20.50	20.00	20.50	20.00