

RECLAMATION AND DEVELOPMENT GRANTS PROGRAM

PROGRAM BUDGET COMPARISON

Figure 35 compares the 2023 biennium appropriated budget to the 2025 biennium appropriated budget by type of expenditure and source of funding.

Figure 35

Program Comparison - Reclamation and Development Grant Program				
Budget Item	Budget 2023 Biennium	Budget 2025 Biennium	Biennium Change	Biennium % Change
Number of Grants	16	10	(6)	-37.5%
Grants Cost	<u>Appropriated</u> \$5,802,155	<u>Appropriated</u> \$3,653,347	-\$2,148,808	-37.0%
Other Grants Cost	800,000	2,000,000	1,200,000	150.0%
Total Costs	\$6,602,155	\$5,653,347	-\$948,808	-14.4%
State Special	\$6,173,155	\$5,653,347	-\$519,808	-8.4%
GO Bond Proceeds	0	0	0	0.0%
ARPA 9901-602 (HB 632)	429,000	0	-429,000	-100.0%
Total Funds	\$6,602,155	\$5,653,347	(\$948,808)	-14.4%

PROGRAM DISCUSSION

The Reclamation and Development Grants Program (RDGP) is designed to fund projects that, "...indemnify the people of the state for the effects of mineral development on public resources and that meet other crucial state needs serving the public interest and the total environment of the citizens of Montana (90-2-1102, MCA)." The program is administered by the Department of Natural Resources and Conservation (DNRC).

LEGISLATIVE ACTION

As shown in Figure 35, the 68th Legislature provided \$5.7 million of appropriations for the RDGP grants program in HB 7. This is an overall program reduction of \$949,000, or 14.4% from the appropriation level of the 2023 biennium. The following list shows the appropriations for the RDGP program.

- \$2.0 million for project planning grants in HB 7, which is a \$1.2 million increase from planning grant appropriations for the 2023 biennium
- \$3.7 million to fund ten RDGP project grants in HB 7

Figure 36 shows a map of the HB 7 projects that were authorized; the funding, denoted by the size of the marker in the map, includes both state and matching funds. Figure 37 provides a complete list of the RDGP grants authorized by the 68th Legislature.

RECLAMATION AND DEVELOPMENT GRANTS PROGRAM

Figure 36

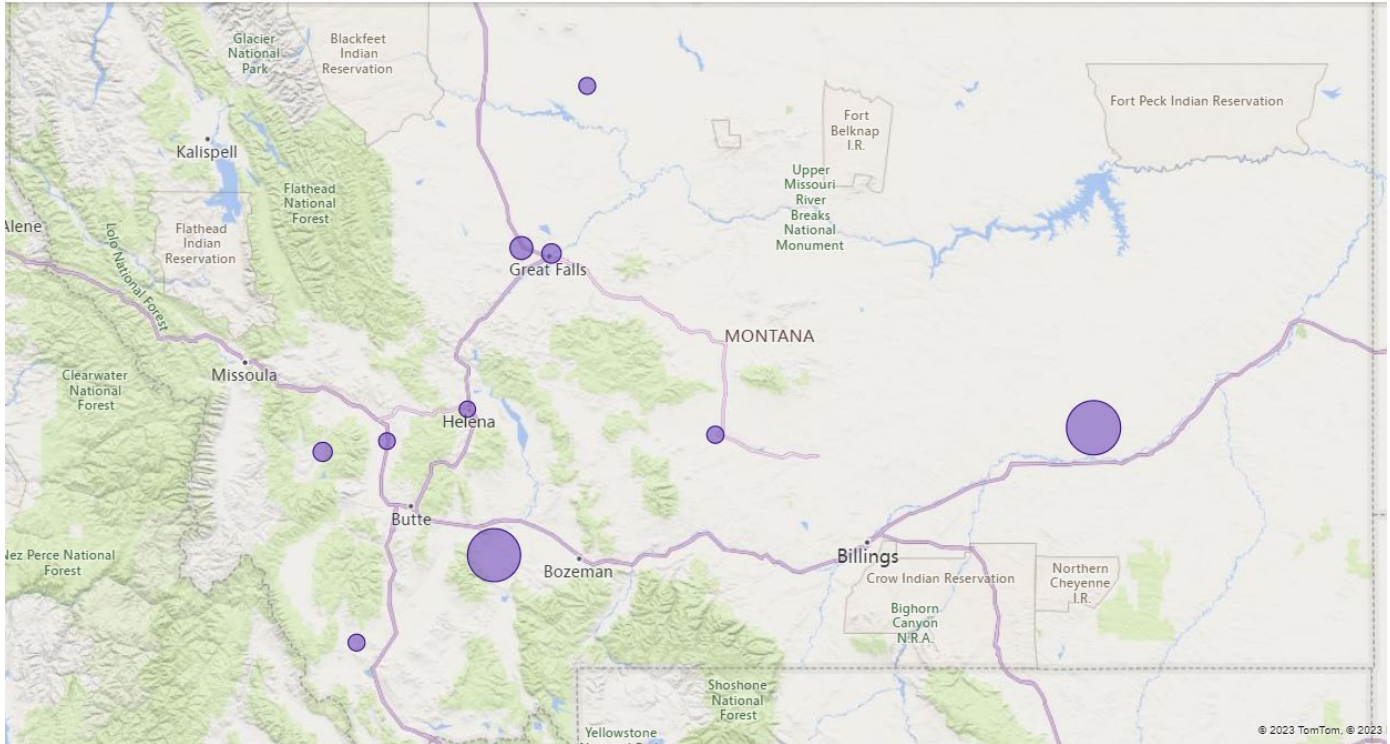


Figure 37

Reclamation and Development Grants (RDGP)					
HB 7 - 2025 Biennium					
Rank	Applicant / Project Description	Project Type	Total Project Cost	Grant Proposed	Cumulative Total
<u>Grants Funded in HB 7</u>					
1	Beaverhead Conservation District Grasshopper Creek Mine Tailings Stream Bank Stabilization	Mining	429,180	419,180	419,180
2	DNRC - State Water Projects Bureau Willow Creek Dam Rehabilitation Project	Crucial State Need	12,802,500	500,000	919,180
3	DNRC - State Water Projects Bureau East Fork of Rock Creek Dam Rehabilitation	Crucial State Need	13,194,365	500,000	1,419,180
4	Chester, Town of Chester Motors Petroleum Cleanup	Hazardous Waste	423,561	300,000	1,719,180
5	Black Eagle Sewer Black Eagle Sewer System Improvements 2023	Mining	1,329,620	125,000	1,844,180
6	Harlowton, City of Asbestos Removal, Cleanup, and Restoration of Contaminated Soils at The Harlowton Roundhouse in Harlowton, MT	Hazardous Waste	532,923	500,000	2,344,180
7	Deer Lodge, City of Milwaukee Roundhouse CECRA Site Passenger Refueling Area VCRA Program Remediation	Hazardous Waste	326,636	342,500	2,686,680
8	Philipsburg, Town of Philipsburg Wastewater Project	Mining	1,225,000	316,667	3,003,347
9	Cascade Conservation District Muddy Creek Restoration and Resilience Project	Crucial State Need	2,488,591	500,000	3,503,347
10	DNRC - Water Management Bureau Expansion of Water Resources Division Hydrology Data Portal	Crucial State Need	247,970	150,000	3,653,347
Total HB 7 Projects			\$33,000,346	\$3,653,347	

RECLAMATION AND DEVELOPMENT GRANTS PROGRAM

FUNDING

The RDGP program appropriations in HB 7, as well as the RRGL grants program appropriated in HB 6, are funded from the “natural resource projects” state special revenue fund. The fund balance projection is provided on page F-73 of this report.

EXECUTIVE BUDGET COMPARISON

Figure 38 provides the legislative changes from the executive budget proposal.

Figure 38

Executive Budget Comparison - Reclamation and Development Grant Program				
Budget Item	Budget 2025 Biennium	Budget 2025 Biennium	Biennium Change	Biennium % Change
Number of Grants	10	10	0	0.0%
	<u>Proposed</u>	<u>Appropriated</u>		
Grants Cost	\$3,653,347	\$3,653,347	\$0	0.0%
Other Grants Cost	2,000,000	2,000,000	0	0.0%
Total Costs	\$5,653,347	\$5,653,347	\$0	0.0%
State Special	\$5,653,347	\$5,653,347	\$0	0.0%
Total Funds	\$5,653,347	\$5,653,347	\$0	0.0%

The 68th Legislature approved the RDGP budget with no changes to the executive’s proposed budget.

NATURAL RESOURCE PROJECTS ACCOUNT

NATURAL RESOURCE PROJECT ACCOUNT

Figure 39 shows the projected fund balance for the natural resource project account for the 2025 biennium. The natural resource projects account provides funding for the RRGL and RDGP programs, along with the funding for other natural resource projects and programs.

The funding for the natural resource projects account is established in law and received from the following sources:

1. Interest income of the resource indemnity trust fund as provided in and subject to the conditions of 15-38-202, MCA
2. Resource indemnity and ground water assessment tax under provisions of 15-38-106, MCA
3. Oil and gas production tax as provided in 15-36-331, MCA (2.16% of oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3))
4. Excess coal severance tax proceeds allocated by 85-1-603, MCA to the renewable resource loan debt service fund (above debt service requirements as provided in and subject to the conditions of 85-1-619, MCA)
5. Fees or charges collected by the department for the servicing of loans, including arrangements for obtaining security interests

NATURAL RESOURCE PROJECTS ACCOUNT

Figure 39

Natural Resource Project Account Fund Balance Analysis - 2025 Biennium Account 02577					
	FY 2022 Actuals	FY 2023 Projected	FY 2024 Projected	FY 2025 Projected	2025 Biennium Total
Available Balance	\$9,710,996	\$14,359,730	\$8,868,903	\$19,406,060	\$8,868,903
Fund Balance Adjustment	<u>0</u>	<u>150</u>	<u>0</u>	<u>0</u>	<u>0</u>
	\$9,710,996	\$14,359,880	\$8,868,903	\$19,406,060	\$8,868,903
Revenue Projections ¹					
RIT Interest Earnings	2,220,602	2,953,396	2,361,663	3,200,000	5,561,663
Resource Indemnity & Groundwater	904,754	1,643,634	2,320,183	1,756,882	4,077,065
Oil and Gas Tax	1,689,528	1,884,706	1,698,657	1,670,443	3,369,100
Other Revenues	19,850	0	20,000	1,000	21,000
General Transfers-In	163,347		100,000	100,000	200,000
HB 6 General Fund Transfer	<u>2,099,322</u>	<u>0</u>	<u>26,000,000</u>	<u>0</u>	<u>26,000,000</u>
Total Revenues	7,097,403	6,481,736	32,500,504	6,728,325	39,228,829
RRGL Appropriations - HB 6					
Other Grants	0	0	7,400,000	0	7,400,000
Prior Biennia	926,634	4,377,479		0	0
2025 Biennium Grants	<u>75,000</u>	<u>576,530</u>	<u>8,910,000</u>	<u>0</u>	<u>8,910,000</u>
Total RRGL Expenditures/Appropriations	1,001,634	4,954,009	16,310,000	0	16,310,000
RRGL Appropriations - HB 6					
Milk River Project Loan Funding	<u>0</u>	<u>0</u>	<u>26,000,000</u>	<u>0</u>	<u>26,000,000</u>
Total Milk River Project Loan Funding	0	0	26,000,000	0	26,000,000
RDGP Appropriations - HB 7					
Other Grants	0	800,000	2,000,000	0	2,000,000
Prior Biennia	1,425,770	866,495	0	0	0
2025 Biennium Grants	<u>21,116</u>	<u>5,352,059</u>	<u>3,653,347</u>	<u>0</u>	<u>3,653,347</u>
Total RDGP Expenditures/Appropriations	1,446,886	7,018,554	5,653,347	0	5,653,347
Total Expenditures/Appropriations	2,448,520	11,972,563	21,963,347	0	47,963,347
Estimated Ending Fund Balance	\$14,359,879	\$8,868,903	\$19,406,060	\$26,134,385	\$134,385

¹HJ 2 projections

As shown in Figure 39, the natural resources state special revenue account is expected to begin the 2025 biennium with a fund balance of approximately \$8.9 million. Projected revenues to the account amount to \$39.2 million. This includes approximately \$13.2 million in revenue plus the \$26.0 million transfer of general fund to the account for the Milk River Project loan.

In the 2025 biennium, appropriations for the RRGL grant program total \$16.3 million; this funding is for project grants authorized in HB 6 and other types of grants such as planning, emergency, private, and non-point source pollution reduction. As described previously, \$26.0 million of funding will be held in escrow for loans for the Milk River Project, provided the conditions in HB 6 are met. Remaining appropriations from the natural resource projects account include \$2.0 million of appropriation for RDGP planning grants and appropriations amounting to \$3.7 million in HB 7 for RDGP projects. The resulting ending fund balance is estimated to be \$134,000 at the end of the 2025 biennium.