



Changes to the Long-Range Building Program

Originating in 2019 version of HB 553

Four changes that have a direct impact on LRBP budgeting

NEW: Two Project Type

2019 Amendments to 17-7-201 (F-8)

- (7) (a) **"Major repair"** means:
 - (i) a renovation, alteration, replacement, or repair project with a total cost of less than \$2.5 million;
 - (ii) a site or utility improvement with a total cost of less than \$2.5 million; or
 - (iii) a new facility with a total construction cost of less than \$250,000.
- (b) The term does not include operations and maintenance as defined in this section.
- (2) **"Capital development"** means a:
 - (a) renovation, construction, alteration, site, or utility project with a total cost of \$2.5 million or more;
 - (b) new facility with a construction cost of \$250,000 or more; or
 - (c) purchase of real property for which an appropriation is required to fund the purchase.

NOTE: *HB 5 and the associated projects are presented in a different way than previous biennia.*

REQUIRED MINIMUM FUNDING (F-10)

17-7-222, MCA

- **17-7-222. Minimum funding for major repair** — restriction of capital developments — transfer to satisfy minimum as present law base. (1) The minimum level of funding for major repair projects is 0.6% of the replacement cost of existing long-range building program-eligible buildings for each fiscal year.
- (2) The legislature may not fund the design or construction of any new capital development projects, except to complete the funding of projects for which partial funding has been previously provided, until the legislature has estimated and appropriated the amount referred to in subsection (1) to fund major repair projects for long-range building program-eligible buildings from the account established in 17-7-221 for each fiscal year.
- (3) Sources for funding the amount referred to in subsection (1) are:
 - (a) revenue allocations into the account established in 17-7-221 of cigarette tax revenue allocated pursuant to 16-11-119 and coal severance taxes allocated pursuant to 15-35-108, as projected in the official revenue estimate provided in 5-5-227; and
 - (b) an appropriated transfer into the account from the general fund in the general appropriations act.
- (4) The appropriated transfer in subsection (3)(b) to the account established in 17-7-221 to fund major repair projects is part of the present law base for purposes of Title 17, chapter 7, part 1, and must be sufficient to fund the amount referred to in subsection (1) when added to the account's revenue allocations in subsection (3)(a).

LRBP Major Repairs Account Fund Balance Analysis - 2023 Biennium					
Account 05007					
	FY 2020 Actual	FY 2021 Projected	FY 2022 Projected	FY 2023 Projected	2023 Bien. Projected
Calculated Beginning Fund Balance	\$20,784,497	\$18,084,284	(\$3,409,608)	(\$13,779,243)	(\$3,409,608)
Project Reversions	0		\$1,953,369		\$1,953,369
Proposed Project Deletion	0	\$0	\$970,100		\$970,100
Adjustments to Fund Balance	<u>0</u>	<u>(12,612)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Beginning Fund Balance	20,784,497	18,071,672	(486,139)	(13,779,243)	(486,139)
Revenues ¹					
Cigarette Tax	\$1,555,542	\$1,559,118	\$1,531,056	\$1,505,407	\$3,036,463
Coal Severance Tax	5,413,782	5,384,477	5,307,097	5,224,784	10,531,881
Interest Earnings	380,463	36,594	64,913	64,913	129,825
Supervisory Fees	77,261	465,974	288,186	288,186	576,372
Energy Savings Transfer	(120,252)	0	111,000	111,000	222,000
General Fund Transfers ²	<u>11,500,000</u>	<u>432,000</u>	<u>8,589,879</u>	<u>8,941,581</u>	<u>17,531,460</u>
Total Revenues	\$18,806,797	\$7,878,163	\$15,892,131	\$16,135,870	\$32,028,001
Expenditures					
Operating Costs-A & E Division ³	2,292,121	\$2,490,591	\$2,432,522	\$2,445,224	\$4,877,746
Prior Biennia Projects ³	19,214,890	26,868,852	0	0	0
2023 Biennium Executive Proposal	<u>0</u>	<u>0</u>	<u>26,752,713</u>	<u>0</u>	<u>26,752,713</u>
Total Expenditures/Appropriations	\$21,507,011	\$29,359,443	\$29,185,235	\$2,445,224	\$31,630,459
Estimated Ending Fund Balance	\$18,084,284	(\$3,409,608)	(\$13,779,243)	(\$88,597)	(\$88,597)
¹ HJ2 Projections ² Beginning in the 2023 Biennium - HB 2 Appropriated Transfer ³ HB 2 ³ Assumes all appropriation authority is expended in FY 2021					

**TRANSFER = LRBP ELIGIBLE CRV * 0.006 – (CIGARETTE TAX AND COAL TAX)
AS ESTIMATED BY OBPP AND INCLUDED IN HB 2**

NOTE: *If the minimum funding is reduced in HB 2, no LRBP eligible capital development projects may be funded.*

Capital Development Fund (F-5)

- **17-7-208. Capital development funding** — transfer as present law base. (1) As part of the executive budget prepared pursuant to 17-7-123, the governor shall propose annual transfers from the general fund into the account established in 17-7-209. Except as provided in subsection (2), the amount of the proposed annual transfers are considered present law and must be equal to 1% of the amount of the certified unaudited state general fund revenue, including transfers into the general fund, as determined by the state treasurer on or before August 15 of the year preceding a legislative session less the:
 - (a) general fund debt service anticipated by the office of budget and program planning for each year of the biennium for issued general obligation bonds paid from the general fund as set forth in the state budget pursuant to 17-5-802; and
 - (b) projected general fund debt service for each year of the biennium for general obligation bonds paid from the general fund proposed in the executive budget.
- **(2) The governor may propose to reduce or increase the amount of the annual transfers proposed pursuant to subsection (1).** Any proposed increase or decrease to the amount required in subsection (1) must be included in the executive budget request as a new proposal.
- (3) The legislature may appropriate funds in the general appropriations act for transfer into the account established in 17-7-209 from the general fund for capital development projects based on the state fiscal condition.
- (4) The appropriated transfer to the account established in 17-7-209 to fund capital developments is part of the base budget for purposes of Title 17, chapter 7, part 1.
- (5) The department of administration shall transfer the annual amount appropriated by the legislature from the general fund to the capital developments long-range building program account established in 17-7-209 by August 15 of each fiscal year except as provided in subsection (6).
- (6) The department of administration may not make the annual transfer if the executive has authorized transfers from the budget stabilization reserve fund established in 17-7-130 in the immediately preceding 11 months or if the transfer would result in reductions pursuant to 17-7-140.
- (7) This section does not limit the ability of the legislature to authorize general obligation bonds or the board of examiners to issue and sell bonds authorized by previous legislatures and has no effect on the pledge or security for general obligation bonds.

NOTE: *The executive proposal in HB 2 included a present law adjustment of \$5.7 million in FY 2022 and \$8.2 million in FY 2023. Per 17-7-208 (2), the executive requests a new proposal in HB 2 to eliminate the transfer.*

Future Operations and Maintenance Appropriations (F-10)

- **17-7-210. Required funding for maintenance of newly authorized state buildings.** (1) If construction of a new facility requires an immediate or future increase in state funding for program expansion or operations and maintenance, **the legislature may not authorize the new facility unless it also appropriates funds for the increase in state funding for program expansion and operations and maintenance.**
 - Appropriations for the future operations and maintenance of new space projects in the LRBP are included as *language appropriations* in HB 2.
 - Staff will track the appropriations to make sure that the requirements of 17-7-210 are fulfilled.



JUST A WORD - OBSERVATION 2017 V. SB 43

FACILITY CONDITION ASSESSMENTS – LRBP ELIGIBLE BUILDINGS

NOTE: This is the first biennium where the facility condition assessments as outlined in law through the provisions of the 2017 version of SB 43 have been used, providing a data driven and needs based method for prioritizing major repairs projects in the LRBP.