



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0462 - Revise distribution of marijuana revenues (Bertoglio, Marta)

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
Expenditures:				
General Fund	(\$1,519,964)	(\$1,649,081)	(\$1,649,081)	(\$1,649,081)
State Special Revenue	\$11,102,821	\$10,768,259	\$10,904,719	\$11,043,054
Federal Special Revenue	\$6,332,332	\$6,332,332	\$6,221,380	\$6,314,700
Revenue:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$1,951,971)	(\$1,865,413)	(\$1,779,875)	(\$1,691,384)
Federal Special Revenue	\$6,332,332	\$6,332,332	\$6,221,380	\$6,314,700
Net Impact-General Fund Balance:	<u>\$1,519,964</u>	<u>\$1,649,081</u>	<u>\$1,649,081</u>	<u>\$1,649,081</u>

Description of fiscal impact: HB 462 revises the distribution of marijuana tax and license fee revenue, including changing all distributions to percent allocations of available revenue and adding three new distributions of revenue. The bill also adds a statutory appropriation which will allow the Department of Revenue to distribute the local option taxes to eligible counties and municipalities. Assumptions 1 through 9 include changes in revenue as compared to HJ 2 estimates. However, the remaining assumptions and calculations include estimates associated with the Governor's budget request and additional detail regarding expenditure proposals for each impacted agency.

FISCAL ANALYSIS

Assumptions:

- HB 462 revises the distribution of marijuana tax and license fee revenue. The bill is not expected to change any of the tax or license fee revenue collections. The effective date of HB 462 is July 1, 2023, so the legislation would apply beginning with the distribution of FY 2024 revenues.
- The current law distribution from the marijuana state special revenue account at the end of each fiscal year, after covering the Department of Revenue's administrative costs, is:

- \$6 million to the healing and ending addiction through recovery and treatment (HEART) account
- After the HEART account distribution, the net balance is distributed as follows:
- 20% to the credit of the department of fish, wildlife, and parks for wildlife habitat
 - 4% to the state park account
 - 4% to the trails and recreational facilities account
 - 4% to the nongame wildlife account
 - 3% or \$200,000, whichever is less, to the veterans and surviving spouses state special revenue account
 - \$150,000 to the board of crime control
 - The remainder to the general fund
3. The following table shows the HJ2 forecast projected distributions under current law.

Current Law Distributions from Marijuana State Special Revenue Account (millions)								
FY	HJ2		4% Accounts					
	Marijuana Revenue	DOR Costs	Heart Fund	FWP Habitat	(State Parks, Trails & Rec, Nongame)	Veterans Account	Crime Control	General Fund
2024	\$52.904	\$5.250	\$6.000	\$8.331	\$1.666	\$0.200	\$0.150	\$27.975
2025	\$54.599	\$5.280	\$6.000	\$8.664	\$1.733	\$0.200	\$0.150	\$29.107
2026	\$56.242	\$5.280	\$6.000	\$8.992	\$1.798	\$0.200	\$0.150	\$30.224
2027	\$57.941	\$5.280	\$6.000	\$9.332	\$1.866	\$0.200	\$0.150	\$31.379

4. The distribution from the marijuana state special revenue account under HB 462 after covering the Department of Revenue administrative costs would be as follows:
- 11% to the healing and ending addiction through recovery and treatment (HEART) account
 - 6% to the marijuana distribution state special revenue account, administered by the Department of Justice
 - 4% to the state park account
 - 4% to the trails and recreational facilities account
 - 4% to the nongame wildlife account
 - 5% to the veterans and surviving spouses state special revenue account
 - 0.2% to the board of crime control
 - 1.5% to the correctional officer state special revenue account
 - 1.5% to the treatment court support account
 - The remainder to the general fund
5. The following table shows the projected distributions from the marijuana state special revenue account under HB 462. The total HJ 2 marijuana revenue and DOR costs would not change from current law.

HB 462 Distributions from the Marijuana State Special Revenue Account (millions)								
FY	DOJ			4% Accounts			1.5% Accounts	
	Heart Fund	FWP Habitat	Distribution Account	(State Parks, Trails & Rec, Nongame)	Veterans Account	Crime Control	Officer, Treatment Court)	General Fund
2024	\$5.242	\$0.000	\$2.859	\$1.906	\$2.383	\$0.095	\$0.715	\$29.927
2025	\$5.425	\$0.000	\$2.959	\$1.973	\$2.466	\$0.099	\$0.740	\$30.972
2026	\$5.606	\$0.000	\$3.058	\$2.038	\$2.548	\$0.102	\$0.764	\$32.004
2027	\$5.793	\$0.000	\$3.160	\$2.106	\$2.633	\$0.105	\$0.790	\$33.071

6. The following table shows the changes to the distributions from the marijuana state special revenue because of this bill.

Change in Distribution from Current Law to HB 462 (millions)									
FY	Heart Fund	FWP Habitat	DOJ Distribution Account	4% Accounts (State Parks, Trails & Rec, Nongame)			1.5% Accounts (Correctional Officer, Treatment Court)		General Fund
				Veterans Account	Crime Control				
2024	(\$0.758)	(\$8.331)	\$2.859	\$0.240	\$2.183	(\$0.055)	\$0.715	\$1.952	
2025	(\$0.575)	(\$8.664)	\$2.959	\$0.240	\$2.266	(\$0.051)	\$0.740	\$1.865	
2026	(\$0.394)	(\$8.992)	\$3.058	\$0.240	\$2.348	(\$0.048)	\$0.764	\$1.780	
2027	(\$0.207)	(\$9.332)	\$3.160	\$0.240	\$2.433	(\$0.045)	\$0.790	\$1.692	

- The net impact of the change in distributions would be an increase in general fund revenue of \$1,952,000 in FY 2024, \$1,865,000 in FY 2025, \$1,780,000 in FY 2026, and \$1,692,000 in FY 2027. The combined total of all the state special revenue accounts would decrease by equal amounts.
- The Department of Revenue would be able to make the changes to distributions proposed in this bill as part of normal maintenance with significant additional costs.
- This bill also creates a statutory appropriation and marijuana administration state special revenue account for the 5% of the local-option marijuana taxes appropriated to the Department of Revenue to cover the administrative costs of the local-option marijuana tax. This section of the bill has no fiscal impact.

Governor’s Office of Budget and Program Planning (OBPP)

- The Governor’s HB 2 budget contains several requests contingent on passage and approval of HB 462. The change packages were built using the OBPP revenue estimates from November 2022. The assumptions of impacted agencies utilized the OBPP revenue estimates for HB 462 as shown in the table below and in subsequent summary expenditure and funding tables.

HB 462 Revenue Distributions Based on Governor's Office Revenue Projections					
Fund Description and Allocation Proposed	Allocation	FY 2024	FY 2025	FY 2026	FY 2027
HEART Fund - 11%		\$8,915,342	\$10,015,765	\$10,369,050	\$10,697,959
State Parks - 4%		\$3,241,943	\$3,642,097	\$3,770,564	\$3,890,167
Trails and Recreational Facilities - 4%		\$3,241,943	\$3,642,097	\$3,770,564	\$3,890,167
Nongame Wildlife - 4%		\$3,241,943	\$3,642,097	\$3,770,564	\$3,890,167
DMA Veterans and Surviving Spouses - 5%		\$4,052,428	\$4,552,621	\$4,713,205	\$4,862,708
Crisis Intervention Training - 0.2%		\$162,097	\$182,105	\$188,528	\$194,508
HwyPatrol/DCI - 6%		\$4,862,914	\$5,463,145	\$5,655,846	\$5,835,250
Dept. Corrections - 1.5%		\$1,215,728	\$1,365,786	\$1,413,961	\$1,458,813
Judicial Drug Courts - 1.5%		\$1,215,728	\$1,365,786	\$1,413,961	\$1,458,813
General Fund - Remainder		\$50,898,499	\$57,180,915	\$59,197,852	\$61,075,618
TOTALS		\$81,048,565	\$91,052,413	\$94,264,095	\$97,254,169

- Future biennia expenditures would be based on what is appropriated by the legislature as well as actual revenue collections.

Department of Revenue (DOR)

- Proposals in HB 2 would move costs and FTE associated with applications for, and inspections of marijuana testing laboratories from DPHHS to DOR.

Department of Public Health and Human Services (DPHHS)

- Under current law, DPHHS currently receives \$6,000,000 in state special marijuana taxes. HB 462 changes the allocation to DPHHS from \$6,000,000 under current law, to 11% of the distributable revenue.
- Additional proposals in HB 2 move increase state special authority to the HEART fund and transfer FTE to the Department of Revenue for work associated with applications for and inspections of marijuana testing laboratories.

Department of Fish Wildlife and Parks (FWP)

15. Under current law, FWP currently receives 32% of the available funds following transfer to the HEART Fund. HB 462 changes the allocation to 12% of distributable revenue.

Department of Military Affairs (DMA)

16. Under current law, DMA currently receives the lesser of \$150,000 or 3% of available funds each year, after the HEART fund transfer. HB 462 changes the allocation to 5% of distributable revenue. Requests in HB 2 include additional state special authority to support the Veteran’s Affairs (VA) programs impacting veterans.

Department of Justice (DOJ)

17. Funding in HB 462 will support a HB 2 request for 34 positions that would help combat human trafficking, the drug epidemic and violent crime throughout Montana. These positions would be both law enforcement and attorney positions.
18. This funding also will support the headquarters facility for the Montana Highway Patrol.
19. MCA 44-7-110 (2) states that Local governments, including tribal governments, and nonprofit law enforcement organizations are eligible to receive grant funding. It is currently unknown what organizations will apply for funding. The board will grant to eligible organizations or contract directly with a nonprofit organization to provide or coordinate community-based training programs to develop best practices and standards. All the expected expenses are shown as operating expenses and may be moved to the appropriate category once the grant funding has been announced and awarded.

Department of Corrections (DOC)

20. HB 462 revises the distribution of revenues from taxes paid on the sales of recreational and medical marijuana products. There are two provisions in the bill that impact the DOC.
- a. Section 2 creates a “correctional officer account” in the special revenue fund to be administered by the DoC and must be used for recruiting and retaining correctional officers.
 - b. Section 4 amends MCA 16-12-111, which established the marijuana state special revenue account, and allocates 1.5% of the revenue to the correctional officer state special revenue account.
21. The DOC will utilize these funds to aid in the recruitment and retention of correctional officers. This could include professional development, short-term housing assistance, referral incentives, and employee recognition.

Judicial Branch

22. Section 4 of the bill amends 16-12-111, MCA, to include a 1.5% distribution of the excess funds in the marijuana state special revenue account to the treatment court support account provided for in 46-1-1115, MCA.
23. Judicial Branch spending authority for this funding source has been established in HB 2 and is related to eight drug treatment courts coming off federal funding over the biennium. In FY 2024, funding is requested for the 13th (Yellowstone County) Pre-plea Court, the 4th Veterans Treatment Court (Missoula), and the 4th (Missoula County), 6th (Park and Sweet Grass Counties), 19th (Lincoln County) adult treatment courts. In FY 2025, funding is requested for the 12th Adult Treatment Court (Hill County), 13th Indian Child Welfare Act (ICWA) Treatment Court (Yellowstone County), and the 21st Adult Treatment Court (Ravalli County).
24. Costs to be funded include personal services for treatment court coordinators; operating costs including supplies and materials, employee travel, and rent; and benefits and claims for participant related costs and services including substance abuse treatment and drug testing services.
25. In FY 2024 personal services for 5.0 FTE are estimated at \$209,247, operating costs at \$29,300, and benefits and claims at \$107,200 for a total of \$345,746.
26. In FY 2025 personal services for 8.0 FTE are estimated at \$462,834, operating costs at \$63,900, and benefits and claims at \$240,600 for a total of \$767,334.
27. In FY 2026 personal services for 8.0 FTE are estimated at 469,777, operating costs at \$63,900 and benefits and claims at \$244,209 for a total of \$778,844 (FY 2025 costs increased by 1.5% for inflation).

28. In FY 2027 personal services for 8.0 FTE are estimated at 476,719, operating costs at \$65,817 and benefits and claims at \$,247,818 for a total of \$790,354 (FY 2025 costs increased by 3% for inflation).
- 29.

17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	<u>YES</u>	<u>NO</u>
a. The money is from a continuing, reliable, and estimable source.	X	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	X	
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or effective.		X
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.	X	

DOR	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	2.00	2.00	2.00	2.00
<u>Expenditures:</u>				
Personal Services	\$160,493	\$160,971	\$163,482	\$166,032
Operating Expenses	\$42,401	\$41,923	\$42,577	\$43,241
TOTAL Expenditures	<u>\$202,894</u>	<u>\$202,894</u>	<u>\$206,059</u>	<u>\$209,274</u>
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$202,894	\$202,894	\$206,059	\$209,274
TOTAL Funding of Exp.	<u>\$202,894</u>	<u>\$202,894</u>	<u>\$206,059</u>	<u>\$209,274</u>
<u>Revenues:</u>				
SSR Marijuana FTE from DPHHS	\$202,894	\$202,894	\$206,059	\$209,274
TOTAL Revenues	<u>\$202,894</u>	<u>\$202,894</u>	<u>\$206,059</u>	<u>\$209,274</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0

DPHHS	FY 2024	FY 2025	FY 2026	FY 2027
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	(1.50)	(1.50)	(1.50)	(1.50)
<u>Expenditures:</u>				
Personal Services	(\$117,507)	(\$118,857)	(\$120,640)	(\$122,449)
Operating Expenses	(\$85,387)	(\$84,037)	(\$85,298)	(\$86,577)
Benefits	\$9,332,332	\$9,332,332	\$9,472,317	\$9,614,402
TOTAL Expenditures	<u>\$9,129,438</u>	<u>\$9,129,438</u>	<u>\$9,266,380</u>	<u>\$9,405,375</u>
<u>Funding of Expenditures:</u>				
SSR Marijuana FTE to DOR	(\$202,894)	(\$202,894)	(\$205,937)	(\$209,026)
SSR HEART Fund	\$3,000,000	\$3,000,000	\$3,045,000	\$3,090,675
Federal Special Revenue (03)	\$6,332,332	\$6,332,332	\$6,221,380	\$6,314,700
TOTAL Funding of Exp.	<u>\$9,129,438</u>	<u>\$9,129,438</u>	<u>\$9,060,442</u>	<u>\$9,196,349</u>
<u>Revenues:</u>				
SSR Marijuana FTE to DOR	(\$202,894)	(\$202,894)	(\$205,937)	(\$209,026)
SSR HEART Fund	(\$758,015)	(\$574,912)	(\$394,223)	(\$207,297)
Federal HEART Match	\$6,332,332	\$6,332,332	\$6,221,380	\$6,314,700
TOTAL Revenues	<u>\$5,371,423</u>	<u>\$5,554,526</u>	<u>\$5,621,219</u>	<u>\$5,898,377</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	(\$3,758,015)	(\$3,574,912)	(\$3,439,223)	(\$3,297,972)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

FWP	FY 2024	FY 2025	FY 2026	FY 2027
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
State Special Revenue (02)	(\$7,610,882)	(\$7,943,797)	(\$8,272,322)	(\$8,612,188)
TOTAL Revenues	<u>(\$7,610,882)</u>	<u>(\$7,943,797)</u>	<u>(\$8,272,322)</u>	<u>(\$8,612,188)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	(\$7,610,882)	(\$7,943,797)	(\$8,272,322)	(\$8,612,188)

DMA	FY 2024	FY 2025	FY 2026	FY 2027
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$712,100	\$864,848	\$881,721	\$898,847
Equipment	\$500,000	\$260,000	\$260,000	\$260,000
TOTAL Expenditures	<u>\$1,212,100</u>	<u>\$1,124,848</u>	<u>\$1,141,721</u>	<u>\$1,158,847</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	(\$1,519,964)	(\$1,649,081)	(\$1,649,081)	(\$1,649,081)
State Special Revenue (02)	\$2,732,064	\$2,773,929	\$2,790,802	\$2,807,928
TOTAL Funding of Exp.	<u>\$1,212,100</u>	<u>\$1,124,848</u>	<u>\$1,141,721</u>	<u>\$1,158,847</u>
<u>Revenues:</u>				
State Special Revenue (02)	\$2,182,720	\$2,265,949	\$2,348,080	\$2,433,047
TOTAL Revenues	<u>\$2,182,720</u>	<u>\$2,265,949</u>	<u>\$2,348,080</u>	<u>\$2,433,047</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$1,519,964	\$1,649,081	\$1,649,081	\$1,649,081
State Special Revenue (02)	(\$549,344)	(\$507,980)	(\$442,721)	(\$374,881)

DOJ	FY 2024	FY 2025	FY 2026	FY 2027
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	34.00	34.00	34.00	34.00
<u>Expenditures:</u>				
Personal Services	\$2,864,829	\$2,874,190	\$2,917,303	\$2,961,062
Operating Expenses	\$1,463,122	\$1,322,806	\$1,342,648	\$1,362,788
Equipment	\$667,060	\$0	\$0	\$0
Transfers	\$30,000	\$30,000	\$30,000	\$30,000
TOTAL Expenditures	<u>\$5,025,011</u>	<u>\$4,226,996</u>	<u>\$4,289,951</u>	<u>\$4,353,850</u>
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$5,025,011	\$4,226,996	\$4,289,951	\$4,353,850
TOTAL Funding of Exp.	<u>\$5,025,011</u>	<u>\$4,226,996</u>	<u>\$4,289,951</u>	<u>\$4,353,850</u>
<u>Revenues:</u>				
State Special Revenue (02)	\$2,804,573	\$2,907,777	\$3,009,620	\$3,114,978
TOTAL Revenues	<u>\$2,804,573</u>	<u>\$2,907,777</u>	<u>\$3,009,620</u>	<u>\$3,114,978</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	(\$2,220,438)	(\$1,319,219)	(\$1,280,331)	(\$1,238,872)

DOC	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
TOTAL Expenditures	\$0	\$0	\$0	\$0
<u>Funding of Expenditures:</u>				
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<u>Revenues:</u>				
State Special Revenue (02)	\$714,816	\$739,785	\$764,424	\$789,914
TOTAL Revenues	\$714,816	\$739,785	\$764,424	\$789,914
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$714,816	\$739,785	\$764,424	\$789,914

JUDICIAL BRANCH	<u>FY 2024</u>	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	5.00	8.00	8.00	8.00
<u>Expenditures:</u>				
Personal Services	\$209,246	\$462,834	\$469,777	\$476,719
Operating Expenses	\$29,300	\$63,900	\$64,859	\$65,817
Equipment	\$107,200	\$0	\$0	\$0
Benefits	\$0	\$240,600	\$244,209	\$247,818
TOTAL Expenditures	\$345,746	\$767,334	\$778,845	\$790,354
<u>Funding of Expenditures:</u>				
State Special Revenue (02)	\$345,746	\$767,334	\$778,845	\$790,354
TOTAL Funding of Exp.	\$345,746	\$767,334	\$778,845	\$790,354
<u>Revenues:</u>				
State Special Revenue (02)	\$714,816	\$739,785	\$764,424	\$789,914
TOTAL Revenues	\$714,816	\$739,785	\$764,424	\$789,914
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
State Special Revenue (02)	\$369,070	(\$27,549)	(\$14,421)	(\$440)

STATEWIDE SUMMARY	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
<u>Fiscal Impact:</u>				
FTE	39.50	42.50	42.50	42.50
<u>Expenditures:</u>				
Personal Services	\$3,117,061	\$3,379,138	\$3,429,922	\$3,481,364
Operating Expenses	\$2,161,536	\$2,209,440	\$2,246,507	\$2,284,116
Equipment	\$1,274,260	\$260,000	\$260,000	\$260,000
Benefits	\$9,332,332	\$9,572,932	\$9,716,526	\$9,862,220
Transfers	\$30,000	\$30,000	\$30,000	\$30,000
TOTAL Expenditures	\$15,915,189	\$15,451,510	\$15,682,955	\$15,917,700
<u>Funding of Expenditures:</u>				
General Fund (01)	(\$1,519,964)	(\$1,649,081)	(\$1,649,081)	(\$1,649,081)
State Special Revenue (02)	\$11,102,821	\$10,768,259	\$10,904,719	\$11,043,054
Federal Special Revenue (03)	\$6,332,332	\$6,332,332	\$6,221,380	\$6,314,700
TOTAL Funding of Exp.	\$15,915,189	\$15,451,510	\$15,477,018	\$15,708,673
<u>Revenues:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	(\$1,951,971)	(\$1,865,413)	(\$1,779,875)	(\$1,691,384)
Federal Special Revenue (03)	\$6,332,332	\$6,332,332	\$6,221,380	\$6,314,700
TOTAL Revenues	\$4,380,361	\$4,466,919	\$4,441,505	\$4,623,316
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	\$1,519,964	\$1,649,081	\$1,649,081	\$1,649,081
State Special Revenue (02)	(\$13,054,792)	(\$12,633,672)	(\$12,684,594)	(\$12,734,438)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

Technical Notes:

Office of Budget and Program Planning

1. The revenue effects presented in this fiscal note are based on HJ 2 revenue projections. The Governor’s budget includes assumptions based on the Governor’s revenue estimates. The following table includes the impact of HB 462 if the Governor’s revenue estimates for cannabis tax are used.

Present Law Distributions - OBPP												
FY	Distributable Revenue	DPHHS HEART	FWP Wildlife	FWP Parks	FWP Trails	FWP NonGame	Vets	DOJ Crisis	Highway Patrol/DCI	Dept. Corrections	Judicial Branch	General Fund
2024	\$81,048,565	\$6,000,000	\$15,009,713	\$3,001,943	\$3,001,943	\$3,001,943	\$200,000	\$150,000	\$0	\$0	\$0	\$50,683,024
2025	\$91,052,413	\$6,000,000	\$17,010,483	\$3,402,097	\$3,402,097	\$3,402,097	\$200,000	\$150,000	\$0	\$0	\$0	\$57,485,641
2026	\$94,264,095	\$6,000,000	\$17,652,819	\$3,530,564	\$3,530,564	\$3,530,564	\$200,000	\$150,000	\$0	\$0	\$0	\$59,669,584
2027	\$97,254,169	\$6,000,000	\$18,250,834	\$3,650,167	\$3,650,167	\$3,650,167	\$200,000	\$150,000	\$0	\$0	\$0	\$61,702,835

New Distribution HB 462												
FY	Distributable Revenue	DPHHS HEART	FWP Wildlife	FWP Parks	FWP Trails	FWP NonGame	Vets	DOJ Crisis	Highway Patrol/DCI	Dept. Corrections	Judicial Branch	General Fund
2024	\$81,048,565	\$8,915,342	\$0	\$3,241,943	\$3,241,943	\$3,241,943	\$4,052,428	\$162,097	\$4,862,914	\$1,215,728	\$1,215,728	\$50,898,499
2025	\$91,052,413	\$10,015,765	\$0	\$3,642,097	\$3,642,097	\$3,642,097	\$4,552,621	\$182,105	\$5,463,145	\$1,365,786	\$1,365,786	\$57,180,915
2026	\$94,264,095	\$10,369,050	\$0	\$3,770,564	\$3,770,564	\$3,770,564	\$4,713,205	\$188,528	\$5,655,846	\$1,413,961	\$1,413,961	\$59,197,852
2027	\$97,254,169	\$10,697,959	\$0	\$3,890,167	\$3,890,167	\$3,890,167	\$4,862,708	\$194,508	\$5,835,250	\$1,458,813	\$1,458,813	\$61,075,618

Difference												
FY	Distributable Revenue	DPHHS HEART	FWP Wildlife	FWP Parks	FWP Trails	FWP NonGame	Vets	DOJ Crisis	Highway Patrol/DCI	Dept. Corrections	Judicial Branch	General Fund
2024	\$0	\$2,915,342	(\$15,009,713)	\$240,000	\$240,000	\$240,000	\$3,852,428	\$12,097	\$4,862,914	\$1,215,728	\$1,215,728	\$215,475
2025	\$0	\$4,015,765	(\$17,010,483)	\$240,000	\$240,000	\$240,000	\$4,352,621	\$32,105	\$5,463,145	\$1,365,786	\$1,365,786	(\$304,725)
2026	\$0	\$4,369,050	(\$17,652,819)	\$240,000	\$240,000	\$240,000	\$4,513,205	\$38,528	\$5,655,846	\$1,413,961	\$1,413,961	(\$471,733)
2027	\$0	\$4,697,959	(\$18,250,834)	\$240,000	\$240,000	\$240,000	\$4,662,708	\$44,508	\$5,835,250	\$1,458,813	\$1,458,813	(\$627,217)

MB

Sponsor's Initials

2-16-23

Date

[Signature]

Budget Director's Initials

2-16-23

Date



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Dedication of Revenue 2025 Biennium

17-1-507, MCA.

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**
 Yes. The funds from this revenue are paid by recreational and medical marijuana users who are members of the general public. The general public benefits from well-staffed correctional facilities by ensuring public safety.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund? A state special revenue ensures that dedicated funds are tracked and accounted for separate from the general fund.**
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain) Yes**
- d) **Does the need for this state special revenue provision still exist? Yes No (Explain)**
 Yes. The Department of Corrections continues to struggle to recruit and retain correctional officers to fully staff its facilities.
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**
 No. The legislature will still have the ability to appropriate funds for designated purposes and scrutinize expenditures from the fund.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**
 Yes. The legislature recognizes that further efforts are required in order to recruit and retain correctional officers.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**
 The dedicated revenue deposited to the state special revenue ensures the funds will be spent only for the specified purpose and accounted for distinctly.