



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

SB0028 - Provide funding for conservation districts (Lang, Mike)

Status: As Amended in Senate Committee

- 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	\$0	\$0	\$0	\$0
State Special Revenue	\$906,000	\$2,130,000	\$2,956,000	\$3,780,000
Revenue:				
General Fund	(\$906,000)	(\$2,130,000)	(\$2,956,000)	(\$3,780,000)
State Special Revenue	\$906,000	\$2,130,000	\$2,956,000	\$3,780,000
Net Impact-General Fund Balance:	<u>(\$906,000)</u>	<u>(\$2,130,000)</u>	<u>(\$2,956,000)</u>	<u>(\$3,780,000)</u>

Description of fiscal impact: SB 28, as amended, changes the distribution from the marijuana state special revenue account to provide funding for conservation districts. These distributions are estimated to be \$906,000 for FY 2024, \$2.130 million for FY 2025, \$2.956 million for FY 2026, and \$3.780 million for FY 2027. General fund revenue would decrease by matching amounts.

FISCAL ANALYSIS

Assumptions:**Department of Revenue (DOR)**

- SB 28, as amended, revises the distribution from the marijuana state special revenue account (16-12-111, MCA) to include a distribution into the conservation district account (76-15-106, MCA) at the Department of Natural Resources and Conservation (DNRC).
- Under current law 3.71% of the coal severance tax revenue goes to the conservation account, and this bill would add a distribution from the marijuana account for whatever amount is necessary to make a total

distribution of \$3.75 million in FY 2024, \$4.5 million in FY 2025, \$5.25 million in FY 2026, and \$6 million in FY 2027. Each year after FY 2027, the total will be \$6 million adjusted annually for inflation.

3. The HJ 2 forecast for coal severance tax revenue to be deposited in the conservation account is \$2.844 million in FY 2024, \$2.370 million in FY 2025, \$2.294 million in FY 2026 and \$2.220 million in FY 2027.
4. Based on the above estimates, the distributions from the marijuana state special revenue account to the conservation district account would be \$906,000 for FY 2024, \$2.130 million for FY 2025, \$2.956 million for FY 2026, and \$3.780 million for FY 2027.
5. The general fund distribution from the marijuana state special revenue account would decrease by the same amounts, and no other distributions would be impacted.
6. The Department of Revenue would not incur significant additional costs because of this bill.

Department of Natural Resources and Conservation (DNRC)

7. The additional revenue provided by the transfer from the marijuana state special revenue account to the Conservation District Account will be used by DNRC to provide grants to conservation districts for their operations, staffing, and projects.
8. The amount of transfer is based on the calculation of \$906,000 in FY 2024, \$2,130,000 in FY 2025, \$2,956,000 in FY 2026, and \$3,780,000 in FY 2027, and funding adjusted annually each following fiscal year.
9. Expenditures from the conservation district account are appropriated by the legislature each biennium.
10. SB 28 does not include an appropriation enabling DNRC to spend newly generated state special revenue in the conservation district account.

	<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>				
<u>Expenditures:</u>				
Conservation Districts	\$906,000	\$2,130,000	\$2,956,000	\$3,780,000
TOTAL Expenditures	<u>\$906,000</u>	<u>\$2,130,000</u>	<u>\$2,956,000</u>	<u>\$3,780,000</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue	\$906,000	\$2,130,000	\$2,956,000	\$3,780,000
TOTAL Funding of Exp.	<u>\$906,000</u>	<u>\$2,130,000</u>	<u>\$2,956,000</u>	<u>\$3,780,000</u>
<u>Revenues:</u>				
General Fund (01)	(\$906,000)	(\$2,130,000)	(\$2,956,000)	(\$3,780,000)
State Special Revenue DNRC	\$906,000	\$2,130,000	\$2,956,000	\$3,780,000
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$906,000)	(\$2,130,000)	(\$2,956,000)	(\$3,780,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Long-Term Impacts:

1. Section 2 of the bill ties an inflationary rate to the \$6 million cap after FY 2027. Above average inflation could result in significant increases in deposits into the conservation district account.

Technical Notes:

Department of Revenue and The Office of Budget and Program Planning

1. The bill does not specify what would happen in the event that the difference to come from the marijuana state special revenue account (76-15-106 (2)(b)) is negative in a given year. This would occur if the coal severance tax collections are high enough that the 3.71% distributed to the conservation district account is greater than the fixed distribution amount in 76-15-106 (2)(b) in a given year.

NO SPONSOR SIGNATURE

3/1/23

Fiscal Note Request – As Amended in Senate Committee



3-1-23 (continued)

Sponsor's Initials

Date

Budget Director's Initials

Date