



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

SB0466 - Declare authority over intrastate coal (Trebas, Jeremy )

**Status:** As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts           | <input type="checkbox"/> Dedicated Revenue Form Attached |

	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b>Expenditures:</b>				
General Fund	\$10,985,027	\$10,985,027	\$10,985,027	\$10,985,027
State Special Revenue	(\$4,240,016)	(\$4,240,016)	(\$4,240,016)	(\$4,240,016)
Federal Special Revenue	(\$6,745,011)	(\$6,745,011)	(\$6,745,011)	(\$6,745,011)
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	(\$4,240,016)	(\$4,240,016)	(\$4,240,016)	(\$4,240,016)
Federal Special Revenue	(\$6,745,011)	(\$6,745,011)	(\$6,745,011)	(\$6,745,011)
<b>Net Impact-General Fund Balance:</b>	<u>(\$10,985,027)</u>	<u>(\$10,985,027)</u>	<u>(\$10,985,027)</u>	<u>(\$10,985,027)</u>

**Description of fiscal impact:** SB 466 would grant the Department of Environmental Quality (DEQ) all regulatory authority over environmental regulation of coal mining and coal mining products when the coal mining/processing activities are retained within the borders of Montana. SB 466 would cause DEQ to lose its federal funding from the Office of Surface Mining Reclamation and Enforcement (OSMRE), including Title IV and Title V funding. SB 466 could cause Montana to fail to meet the requirements of the Federal Clean Air Act and DEQ could lose primacy over its air quality program.

### FISCAL ANALYSIS

**Assumptions:**

1. DEQ assumes SB 466 would create a conflict between state and federal regulations. The Federal Surface Mining Control and Reclamation Act regulates the effects of coal mining in the United States, and state law may not conflict or supersede federal law.
2. SB 466 would cause DEQ to lose its federally approved coal mining regulation program and, therefore, all federal funding (79% of total program funding) from Office of Surface Mining Reclamation and Enforcement (OSMRE).

3. SB 466 could cause DEQ to lose its air quality State Implementation Plan (SIP) approved program and, therefore, all federal funding from the Environmental Protection Agency (EPA). While the bill targets coal mining and production within Montana, the application of the law’s change to coal use within the state of Montana, without a corresponding federally approved program, could cause Montana to no longer have a whole and complete SIP.
4. SB 466 could cause DEQ to lose its approved air quality SIP program. DEQ would continue to collect its State Special Revenue, but EPA would dually collect fees from Title V sites under Federal Law. This would reduce state special revenue.
5. SB 466 indicates that DEQ would still be responsible for environmental regulation, with the risk of losing federal and state special funding, as a result DEQ would need to ask for general fund to maintain the current existing business operations.
6. The air quality and hard rock mining and coal FTE would need to be paid with general fund for the reduction in federal special revenue and state special revenue lost because of SB 466.

	<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>
<b><u>Fiscal Impact:</u></b>				
FTE	0.00	0.00	0.00	0.00
<b><u>Expenditures:</u></b>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
Equipment	\$0	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$10,985,027	\$10,985,027	\$10,985,027	\$10,985,027
State Special Revenue (02)	(\$4,240,016)	(\$4,240,016)	(\$4,240,016)	(\$4,240,016)
Federal Special Revenue (03)	(\$6,745,011)	(\$6,745,011)	(\$6,745,011)	(\$6,745,011)
<b>TOTAL Funding of Exp.</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$10,985,027	\$10,985,027	\$10,985,027	\$10,985,027
State Special Revenue (02)	(\$4,240,016)	(\$4,240,016)	(\$4,240,016)	(\$4,240,016)
Federal Special Revenue (03)	(\$6,745,011)	(\$6,745,011)	(\$6,745,011)	(\$6,745,011)
<b>TOTAL Revenues</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	\$0	\$0	\$0	\$0

NO SPONSOR SIGNATURE

Sponsor's Initials

2/28/23  
Date

Budget Director's Initials

2/28/23  
Date