



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0537.02 (002): Generally revise marijuana tax laws

Primary Sponsor: Daniel Zolnikov Status: As Amended in House Committee

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

FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$23,957,000	\$25,129,567	\$25,985,993	\$27,062,972
Revenues				
General Fund (01)	(\$33,293,500)	(\$34,772,500)	(\$35,957,500)	(\$37,323,500)
State Special Revenue (02)	\$33,646,000	\$34,865,000	\$35,971,000	\$37,337,000
Net Impact	<u>(\$33,293,500)</u>	<u>(\$34,772,500)</u>	<u>(\$35,957,500)</u>	<u>(\$37,323,500)</u>
General Fund Balance				

Description of fiscal impact

SB 537 revises the distribution of revenue from the marijuana state special revenue account, adding distributions for canine training grants, sexual assault exams and kits, law enforcement grants, and the behavioral health system fund. The bill also adds distributions to the Department of Health and Human Services (DPHHS) for prevention use, and Department of Revenue (DOR) for cannabis control division enforcement use. Total general fund revenue will be reduced by approximately \$33.2 million in FY 2026, \$34.6 million in FY 2027, \$35.8 million in FY 2028, and \$37.2 million in FY 2029 because of these new distributions.

FISCAL ANALYSIS

Assumptions

Department of Revenue (DOR)

- SB 537 revises the distribution of revenue from the marijuana state special revenue account in 16-12-111, MCA. This bill does not change the estimated marijuana tax and license fee revenues to be collected and distributed into the marijuana state special revenue account.
- Under current law, at the end of each fiscal year, the Department of Revenue distributes the revenue balance from the marijuana state special revenue account as follows:
 - Administrative costs for the department as appropriated in HB 2,
 - \$6 million to the HEART fund, of the remaining balance:
 - 20% to FWP for wildlife habitat,
 - 4% to the state park account,
 - 4% to the trails and recreational facilities account,
 - 4% to the nongame wildlife account,
 - \$200,000 to the veterans and surviving spouses account,

- h. \$150,000 to the board of crime control, and
 - i. The remainder to the general fund.
3. The following table shows the estimated distribution amounts to the above accounts based on the HJ 2 estimated marijuana revenue.

Table 1. Current Law Marijuana Account Distributions (\$millions)

FY	GF	Heart Fund	Wildlife Habitat	State Parks	Trails & Rec	Nongame Wildlife	Veterans	Crime Control	DOR Costs
2026	\$33.306	\$6.000	\$9.899	\$1.980	\$1.980	\$1.980	\$0.200	\$0.150	\$7.300
2027	\$34.785	\$6.000	\$10.334	\$2.067	\$2.067	\$2.067	\$0.200	\$0.150	\$7.300
2028	\$35.970	\$6.000	\$10.682	\$2.136	\$2.136	\$2.136	\$0.200	\$0.150	\$7.300
2029	\$37.336	\$6.000	\$11.084	\$2.217	\$2.217	\$2.217	\$0.200	\$0.150	\$7.300

4. SB 537 creates new state special revenue accounts and revises the distribution from the marijuana state special revenue account to be as follows:
- a. Administrative costs for the department as appropriated in HB 2, then of the remaining balance:
 - b. 10% to the HEART fund(16-12-122, MCA),
 - c. 20% habitat legacy account created in this bill (Section 3),
 - d. 4% to the state park account (23-1-105 MCA),
 - e. 4% to the trails and recreational facilities account (23-2-108 MCA),
 - f. 4% to the nongame wildlife account (87-5-121 MCA),
 - g. 0.5% to the veterans and surviving spouses account (10-2-108 MCA),
 - h. 2.5% to DOJ for grant funding for canine training, criminal investigation and testing,
 - i. 1.5% to DOJ for sexual assault exams and kits,
 - j. 0.25% to the board of crime control (44-7-110 MCA),
 - k. 14% to the behavioral health system fund (15-1-119 MCA),
 - l. 31% to DOJ for law enforcement grants to local police and sheriffs departments,
 - m. 1.5% to DOR for Cannabis Control Division enforcement use,
 - n. 6.5% to DPHHS for prevention of drug and alcohol use, and
 - o. 0.25% to the general fund.
5. The following table shows the estimated distributions under SB 537, which has an effective date of July 1, 2025, so the distribution changes would apply beginning with FY 2026.

Table 2. SB 537 Proposed law distributions (\$ millions)

FY	GF (0.25%)	Heart Fund (10%)	Habitat Legacy Account (20%)	State Park Account (4%)	Trails and Rec (4%)	Nongame wildlife (4%)	Veterans (0.5%)	DOJ grant funding Canines (2.5%)	DOJ sex assault kits (1.5%)	Board of Crime Control (0.25%)	Behavioral Health System (14%)	DOJ Law Enforcement Grants (31%)	DPHHS prevention use (6.5%)	DOR CCD enforcement use (1.5%)
2026	\$0.139	\$5.549	\$11.099	\$2.220	\$2.220	\$2.220	\$0.277	\$1.387	\$0.832	\$0.139	\$7.769	\$17.203	\$3.607	\$0.832
2027	\$0.144	\$5.767	\$11.534	\$2.307	\$2.307	\$2.307	\$0.288	\$1.442	\$0.865	\$0.144	\$8.074	\$17.877	\$3.748	\$0.865
2028	\$0.149	\$5.941	\$11.882	\$2.376	\$2.376	\$2.376	\$0.297	\$1.485	\$0.891	\$0.149	\$8.318	\$18.418	\$3.862	\$0.891
2029	\$0.154	\$6.142	\$12.284	\$2.457	\$2.457	\$2.457	\$0.307	\$1.536	\$0.921	\$0.154	\$8.599	\$19.041	\$3.992	\$0.921

6. This bill will reduce the final transfer to the general fund by an estimated \$33.2 million in FY 2026, \$34.6 million in FY 2027, \$35.8 million in FY 2028, and \$37.2 million in FY 2029. Total state special revenue distributions will increase by an equal amount to the general fund decrease because total revenue is not changing.
7. The distributions to state special revenue accounts existing under current law also change slightly due to the switch in the HEART fund distribution from a flat \$6 million per year to 10%. The changes to those accounts are shown in the table below.

Table 3. SB 537 Change in Distributions to Existing State Special Revenue Accounts

FY	Heart Fund (10%)	Habitat (20%)	State Park Account (4%)	Trails and Rec (4%)	Nongame wildlife (4%)	Veterans (0.5%)	Board of Crime Control (0.25%)
2026	-\$0.451	\$1.200	\$0.240	\$0.240	\$0.240	\$0.077	-\$0.011
2027	-\$0.233	\$1.200	\$0.240	\$0.240	\$0.240	\$0.088	-\$0.006
2028	-\$0.059	\$1.200	\$0.240	\$0.240	\$0.240	\$0.097	-\$0.001
2029	\$0.142	\$1.200	\$0.240	\$0.240	\$0.240	\$0.107	\$0.004

8. The Department of Revenue would not incur any additional administrative costs as a result of this bill, but the bill proposes to add a distribution of 1.5% to the department for cannabis control division enforcement use but there is no appropriation for the department to spend this money or direction on what it should be spent on. The existing administrative costs for the cannabis control division will still be funded through HB 2 out of the marijuana state special revenue account prior to the distributions each year. For this analysis, the additional revenue from the 1.5% is collected, but not spent.

Department of Public Health and Human Services

9. The bill changes the allocation to the Healing and Ending Addiction through Recovery and Treatment (HEART) account from \$6,000,000 per year of distributable revenue to the maximum of 12% or \$7,000,000 per year.
10. The allocation results in an increase in revenue of \$1,000,000 in FY 2026, \$1,000,000 in FY 2027, \$1,129,000 in FY 2028, and \$1,371,000 million in FY 2029.
11. The bill allocates 14% of the excess revenue to the Behavioral Health for Future Generations (BHSFG) account, resulting in an allocation of \$7,769,000 for FY 2026, \$8,074,000 for FY 2027, \$8,318,000 for FY 2028, and \$8,599,000 for FY 2029. The Executive budget contains several initiatives that will utilize existing BHSFG funding. Therefore, the BHSFG funding from SB 537 is not spent in this analysis.
12. The bill allocates 6.5% for the prevention of drug and alcohol use, resulting in an allocation of \$3,607,000 in FY 2026, \$3,748,000 in FY 2027, \$3,862,000 in FY 2028, and \$3,992,000 in FY 2028.
13. The Department assumes there will be no changes in HEART expenditures in FY 2026, FY 2027 and FY 2028, as it will be able to utilize current cash in the HEART state special revenue account to offset the small decrease in revenue.

Department of Military Affairs (DMA)

14. Under current law, at the end of each fiscal year, the Montana Veteran Affairs Division (MVAD) received 3% or \$200,000, whichever is less, of the marijuana tax revenue. Montana Veteran Affairs Division has received \$200,000 each year since fiscal year 2022.
15. SB 537 allocates a 0.5% transfer to MVAD at the end of each fiscal year. Compared to present law, new revenue is \$77,000 in FY 2026, \$88,000 in FY 2027, \$97,000 in FY 2028, and \$107,000 in FY 2029.
16. The marijuana state special revenue is utilized for the Veteran Service Officer outreach program, general office supplies and maintenance costs in the Veteran Service offices, general landscaping maintenance, and replacing equipment in the Veteran Cemetery Program.
17. MVAD would utilize the additional funds to request 1.00 FTE of a Veteran Service Officer (VSO). The increase in workload and outreach efforts warrant an additional VSO in the Great Falls office. This will enable the Great Falls office to continue expanding its outreach to Conrad, Choteau, Fort Benton, Geraldine, Lewistown, and other areas.
18. Personal Service costs for 1.00 FTE are \$79,555 in FY 2026 and FY 2027, with a 1.5% inflationary rate applied to FY 2028 and FY 2029. Operating expenses would be utilized for one-time only costs of \$2,800 for equipment and computer.
19. As revenue in FY 2026 is less than the full cost of the VSO FTE and office set up, DMA would delay hiring

to by one month, or utilize existing authority if the position can be hired at the beginning of the fiscal year. For FY 2027 through FY 2029, the revenue is more than the cost of the VSO FTE.

20. Any remaining revenue would be utilized for on going operating costs.

Department of Fish, Wildlife, and Parks (FWP)

21. Along with establishing the Habitat Legacy account, SB 537 also establishes the state special revenue accounts for Big Game and Wildlife Highway Crossings and Accommodations, Land and Wildlife Stewardship, and Wildlife Habitat Improvement Projects.
22. At the end of each fiscal year, all the funds collected per 16-12-111(4)(b) will be deposited into the Habitat Legacy account (20% of marijuana tax revenue).
23. 75% of the funds collected will be transferred from the Habitat Legacy account to the Land and Wildlife Stewardship account until that account contains \$50 million in unobligated cash balance.
24. 20% of the funds collected will be transferred from the Habitat Legacy account to the Wildlife Habitat Improvement Projects state special revenue account.
25. 5% of the funds collected will be transferred from the Habitat Legacy account to the Big Game and Wildlife Highway Crossings and Accommodations account.
26. When the unobligated cash balance in the Land and Wildlife Stewardship reaches \$50 million, any remaining funds collected will be distributed to:
 - a. 80% to the Wildlife Habitat Improvement account
 - b. 20% to the Big Game and Wildlife Highway Crossings and Accommodations account
27. The \$50 million cap will increase based on the CPI increasing yearly.
28. Revenue is received at the end of each fiscal year. Revenue collected for these new purposes would not be available to spend until fiscal year 2027.
29. SB 537 will require 1.00 FTE (PB) for a grant coordinator to administer the financials and monitor all subrecipient agreements to mitigate risk and avoid audit findings. A 1.00 FTE (PB) Wildlife Habitat Improvement manager with expertise in habitat management and restoration is required to evaluate, development, monitor and implement all projects approved by the council. A 0.50 FTE (PB) administrative assistant is necessary to directly assist with coordination of the council, project evaluations and legislature reports. The projected costs for personal services are \$216,573 for FY27 and \$218,049 for FY28 (includes a 2% increase due to HB13).
30. Administrative costs may not exceed 15% of the total amount of the grant or contract distributed under the Habitat Legacy account.
31. In Section 4 of the bill, the "Commission" is no longer defined and is removed from the bill.
32. In Section 5, the Wildlife Improvement advisory council is appointed by the director. The council will rank the projects and advise FWP on the administration and recommendations.
33. The Wildlife Habitat Improvement advisory council will consist of the following:
 - a. a wildlife biologist
 - b. a member of an Indian tribe within Montana
 - c. an agricultural or livestock producer or representative of an agriculture or livestock
 - d. a member of a conservation organization
 - e. a representative of Montana weed control association
34. The Wildlife Habitat Improvement advisory council will need to meet at least one time per month for 2 days. An estimated cost of \$50,439 per year.
35. In ranking the projects, the Wildlife Habitat Improvement advisory council will give preference to projects in the wildlife habitat that include:
 - a. public access
 - b. the number of project partners
 - c. the amount of additional funding provided to implement a project
 - d. factors providing preference pursuant to subsection (2)
36. SB 537 provides a yearly appropriation beginning July 1, 2025, for the following:
 - a. Land and Wildlife Stewardship for \$7.5 million

- b. Wildlife Habitat Improvement Project for \$2 million
- c. Big Game and Wildlife Crossings and Accommodations for \$500K

Department of Justice

37. With the new distributions in SB 537, 35.25% of the marijuana state special revenue account to the DOJ and MBCC, new revenue totals are estimated at \$18,857,000 in FY 2026, \$19,602,000 in FY 2027, \$20,199,000 in FY 2028 and \$20,887,000 in FY 2029.

Division of Criminal Investigation (DCI)

38. It is assumed that a 1.5% transfer for sexual assault forensic examinations and evidence kits would result in operating expenditures of \$832,000 in FY 2026, \$865,000 in FY 2027, \$891,000 in FY 2028, and \$921,000 in FY 2029.
- a. The DOJ Office of Victim Services (OVS) would remain responsible for the purchase and distribution of sexual assault evidence kits to medical facilities and payment of sexual assault forensic exams in cases that are not reported to law enforcement. The increased funding would afford DOJ the ability to increase the maximum reimbursement amount it can pay medical facilities per sexual assault forensic exam and to pay for sexual assault forensic exams during which a sexual assault evidence kit is not collected. Currently both are not possible due to budget constraints.
 - b. The OVS Forensic Rape Examination Payment Program (FREPP) manages the sexual assault evidence kits in Montana and the contents inside including purchase and distribution of sexual assault evidence kits to medical facilities. OVS reimburses medical facilities for administering those kits during sexual assault forensic exams not reported to law enforcement. OVS does not have a dedicated budget for these costs and pays for them out of other state funds appropriated to the Crime Victims Compensation (CVC) Program, which decreases funds available for reimbursement of crime victims for eligible crime-related expenses.
 - c. Using 1.5% of annual marijuana tax revenue, the DOJ could increase its maximum sexual assault forensic exam reimbursement amount for exams through existing administrative rulemaking authority in 46-15-411, MCA. DOJ's current maximum sexual assault forensic exam reimbursement rate of \$600, identified in administered rule, has not been increased since it was established in 2005 and is far below the average (\$2,090) and median (\$1,093) cost of sexual assault forensic examinations based on an analysis of invoices received by OVS for exams not reported to law enforcement between 2023 and February 2025.
 - d. The maximum reimbursement rate or cap other states pay for sexual assault forensic examinations is \$1,355 on average according to a 2024 U.S. Government Accountability Office report; the median is \$1,030.
 - e. According to data in the Montana Sexual Assault Kit Track System administered by OVS, 402 sexual assault evidence kits were collected for victims in Montana in 2024: a 14% increase over 2023. A survey of the six highest volume exam medical facilities found they conducted about 270 sexual assault forensic exams in 2024 without collecting a sexual assault evidence kit.
 - f. In Fiscal Year 2024, OVS reimbursed medical facilities \$45,600 for 85 sexual assault forensic exams not reported to law enforcement. In Fiscal Year 2025, as of 3/24/25, OVS reimbursed medical facilities \$34,800 for 58 exams not reported to law enforcement.
 - g. In Fiscal Years 2024 and 2025, OVS paid between \$10,000 and \$12,000 in costs related to the purchase, distribution, and shipping of sexual assault evidence kits for use by medical facilities.
39. It is assumed that a 31% transfer for law enforcement grants would result in total distributions to Montana police departments, sheriff's offices, and tribal police departments of \$17,203,000 in FY 2026, \$17,877,000 in FY 2027, \$18,418,000 in FY 2028 and \$19,041,000 in FY 2029.
- a. It is estimated that the funding would service approximately 125 state, local, and tribal agencies.
 - b. It is assumed that each law enforcement agency would submit one \$50,000 application per year, an estimated \$6,250,000 in grants per year to purchase and train drug detection canines and canine handlers.

- c. It is assumed that the remaining balance provided each year would be distributed to police departments, sheriff's offices, and tribal police departments in proportion to the number of officers per department or office. This would represent additional grant disbursements of \$10,953,000 in FY 2026, \$11,627,000 in FY 2027, \$12,168,000 in FY 2028 and \$12,791,000 in FY 2029.
 - d. SB 537 provides for grant applicants to contribute a \$100 application fee to the DOJ, absent revisions to SB 537 addressing how the revenues are to be deposited, it is assumed that associated revenues would be credited to the general fund.
 - e. Revenues are estimated at \$12,500 per year (\$100 x 125 applicants).
40. It is assumed that a 1.5% transfer to administer grant funding, operating for the DCI, and testing would require an additional 7.0 FTE, with the accountant and administrative assistant positions phased in between FY 2026 and FY 2028. Total expenditures of \$699,722 in FY 2026, \$597,201 in FY 2027, \$634,261 in FY 2028 and \$647,673 in FY 2029.
- a. It is assumed that funding not utilized for grant administration as noted below would be used for testing, \$132,278 in FY 2026, \$267,799 in FY 2027, \$256,739 in FY 2028 and \$273,327 in FY 2029.
 - b. The FTE and associated expenditures per fiscal year are: 1.0 FTE grant manager to provide program oversight; 3.0 FTE grant contract coordinators to manage applications, track funding, and manage compliance of grants, including 1.0 FTE for tribal grants and 2.0 FTE for sheriff agency grants; 2.0 FTE accountants to ensure financial record keeping follows HB 537 requirements, grant requirements, allowable expenditures, and distribution of funds; 1.0 FTE administrative assistant for all other office duties, including correspondence and answering phones.

MBCC

41. It is assumed that the proposed SB 537 revised distributions for crisis intervention team training would result in expenditure and funding reductions of \$11,000 in FY 2026, \$6,000 in FY 2027, \$1,000 in FY 2028, and an increase of \$4,000 in FY 2029.

Fiscal Analysis Table

Department of Fish, Wildlife, and Parks				
	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact</u>				
FTE	0.00	2.50	2.50	2.50
TOTAL Fiscal Impact	0.00	2.50	2.50	2.50
<u>Expenditures</u>				
Personal Services	\$0	\$216,573	\$218,049	\$218,049
Operating Expenses	\$0	\$50,439	\$51,196	\$51,963
TOTAL Expenditures	\$0	\$267,012	\$269,245	\$270,012
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$0	\$267,012	\$269,245	\$270,012
TOTAL Funding of Expenditures	\$0	\$267,012	\$269,245	\$270,012
<u>Revenues</u>				
State Special Revenue (02)	\$1,920,000	\$1,920,000	\$1,920,000	\$1,920,000
TOTAL Revenues	\$1,920,000	\$1,920,000	\$1,920,000	\$1,920,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$1,920,000	\$1,652,988	\$1,650,755	\$1,649,988

Department of Justice

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
FTE	7.00	7.00	7.00	7.00
TOTAL Fiscal Impact	7.00	7.00	7.00	7.00
<u>Expenditures</u>				
Personal Services	\$584,923	\$499,222	\$530,202	\$541,413
Operating Expenses	\$114,799	\$97,979	\$104,059	\$106,260
Equipment	\$19,600	\$0	\$0	\$0
Grants	\$18,137,678	\$19,004,799	\$19,564,739	\$20,239,327
TOTAL Expenditures	\$18,857,000	\$19,602,000	\$20,199,000	\$20,887,000
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$18,857,000	\$19,602,000	\$20,199,000	\$20,887,000
TOTAL Funding of Expenditures	\$18,857,000	\$19,602,000	\$20,199,000	\$20,887,000
<u>Revenues</u>				
General Fund (01)	\$12,500	\$12,500	\$12,500	\$12,500
State Special Revenue (02)	\$18,857,000	\$19,602,000	\$20,199,000	\$20,887,000
TOTAL Revenues	\$18,869,500	\$19,614,500	\$20,211,500	\$20,899,500
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
General Fund (01)	\$12,500	\$12,500	\$12,500	\$12,500

Department of Military Affairs

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
FTE	1.00	1.00	1.00	1.00
TOTAL Fiscal Impact	1.00	1.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$77,000	\$79,555	\$80,748	\$81,960
TOTAL Expenditures	\$77,000	\$79,555	\$80,748	\$81,960
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$77,000	\$79,555	\$80,748	\$81,960
TOTAL Funding of Expenditures	\$77,000	\$79,555	\$80,748	\$81,960
<u>Revenues</u>				
State Special Revenue (02)	\$77,000	\$88,000	\$97,000	\$107,000
TOTAL Revenues	\$77,000	\$88,000	\$97,000	\$107,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$0	\$8,445	\$16,252	\$25,040

Department of Public Health and Human Services

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Operating Expenses	\$2,304,000	\$2,374,000	\$2,496,000	\$2,681,000
Grants	\$2,303,000	\$2,374,000	\$2,495,000	\$2,682,000
TOTAL Expenditures	\$4,607,000	\$4,748,000	\$4,991,000	\$5,363,000
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$4,607,000	\$4,748,000	\$4,991,000	\$5,363,000
TOTAL Funding of Expenditures	\$4,607,000	\$4,748,000	\$4,991,000	\$5,363,000
<u>Revenues</u>				
State Special Revenue (02)	\$12,376,000	\$12,822,000	\$13,309,000	\$13,962,000
TOTAL Revenues	\$12,376,000	\$12,822,000	\$13,309,000	\$13,962,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$7,769,000	\$8,074,000	\$8,318,000	\$8,599,000

Department of Revenue

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
Personal Services	\$416,000	\$433,000	\$446,000	\$461,000
TOTAL Expenditures	\$416,000	\$433,000	\$446,000	\$461,000
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$416,000	\$433,000	\$446,000	\$461,000
TOTAL Funding of Expenditures	\$416,000	\$433,000	\$446,000	\$461,000
<u>Revenues</u>				
General Fund (01)	(\$33,306,000)	(\$34,785,000)	(\$35,970,000)	(\$37,336,000)
State Special Revenue (02)	\$416,000	\$433,000	\$446,000	\$461,000
TOTAL Revenues	(\$32,890,000)	(\$34,352,000)	(\$35,524,000)	(\$36,875,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0
General Fund (01)	(\$33,306,000)	(\$34,785,000)	(\$35,970,000)	(\$37,336,000)

STATEWIDE SUMMARY

	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>	<u>FY 2028</u> <u>Difference</u>	<u>FY 2029</u> <u>Difference</u>
<u>Fiscal Impact</u>				
FTE	8.00	10.50	10.50	10.50
TOTAL Fiscal Impact	8.00	10.50	10.50	10.50
<u>Expenditures</u>				
Personal Services	\$1,077,923	\$1,228,350	\$1,274,999	\$1,302,422
Operating Expenses	\$2,418,799	\$2,522,418	\$2,651,255	\$2,839,223
Equipment	\$19,600	\$0	\$0	\$0
Grants	\$20,440,678	\$21,378,799	\$22,059,739	\$22,921,327
TOTAL Expenditures	\$23,957,000	\$25,129,567	\$25,985,993	\$27,062,972
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$23,957,000	\$25,129,567	\$25,985,993	\$27,062,972
TOTAL Funding of Expenditures	\$23,957,000	\$25,129,567	\$25,985,993	\$27,062,972
<u>Revenues</u>				
General Fund (01)	(\$33,293,500)	(\$34,772,500)	(\$35,957,500)	(\$37,323,500)
State Special Revenue (02)	\$33,646,000	\$34,865,000	\$35,971,000	\$37,337,000
TOTAL Revenues	\$352,500	\$92,500	\$13,500	\$13,500
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$9,689,000	\$9,735,433	\$9,985,007	\$10,274,028
General Fund (01)	(\$33,293,500)	(\$34,772,500)	(\$35,957,500)	(\$37,323,500)

Technical Concerns**Department of Revenue**

- The amended bill creates a distribution of \$7 million, or 12%, whichever is greater, to the HEART fund. This creates a potential issue of over distributing the available revenue because the total percentage of all the distributions adds up to 100% and there is not a final distribution for "the remainder". As is projected for FY 2026 and 2027 in this fiscal note, the \$7 million to the HEART fund is slightly greater than the 12% distribution. In this case there would an over distribution of about \$341,000 in FY 2026 and \$80,000 in FY 2027, or another distribution would need to be smaller than the percentage of total revenue indicates.

NO SPONSOR SIGNATURE

Sponsor's Initials

Date

4/24

Budget Director's Initials

4/23/2025

Date