



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0126 - Generally revise laws related to Montana facility finance authority (Anderson, Fred )

**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 Difference</u>	<u>FY 2025 Difference</u>	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
Proprietary (06)	\$20,000	\$20,000	\$145,000	\$150,000
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
Proprietary (06)	\$0	\$125,000	\$175,000	\$225,000
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 126 increases the bond issuance cap imposed under 90-7-302(1), MCA, and would expand eligible entities for Montana Facility Finance Authority (MFFA) services, including conduit bonds, to include any industrial development project as defined in 90-5-101, MCA.

### FISCAL ANALYSIS

**Assumptions:****Department of Commerce**

- Under current law, 90-7-302(1), MCA, limits new money issuances to \$500 million per biennium. Once the cap is reached no new bonds can be issued.
- The Montana Facility Finance Authority (FFA) issued \$400 million in bonds in FY 2022.
- Over the last 10 years, annual application fees have ranged from \$42,000 to \$480,000 depending on market activity. Increasing the cap will result in addition application fees only if there is sufficient market demand to exceed the existing cap.
- The proposed legislation would authorize the FFA to finance capital costs (buildings and equipment) for a broader range of projects. For the purposes of this fiscal note it is assumed that a total of \$100 million in

projects would be financed in FY 2025, FY 2026, and FY 2027 and produce application fee revenues of \$75,000 each fiscal year.

5. Assumptions #4 would also generate an additional \$50,000 each year in annual fees.
6. The fees would be used to offset administration costs.
7. While there is potential for much larger projects (in excess of \$100M each), which would generate more revenue, the timing and size of the projects are not predictable.
8. Training and education in underwriting for projects not related to medical nonprofits would be required by the board and FFA staff. For the purposes of this fiscal note, it is estimated that training, education, structuring and marketing of the new program would cost \$20,000 in FY 2024 and FY 2025.
9. Depending on program demand, an additional FTE may be needed in the 2027 biennium to handle the new project load. If necessary, the additional FTE would be paid from fees generated by the program.
10. This is based upon a working implementation date of July 1, 2023.

**Fiscal Impact:**

FTE	0.00	0.00	1.00	1.00
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**Expenditures:**

Personal Services	\$0	\$0	\$116,940	\$118,694
Operating Expenses	\$20,000	\$20,000	\$28,060	\$31,306
<b>TOTAL Expenditures</b>	\$20,000	\$20,000	\$145,000	\$150,000

**Funding of Expenditures:**

General Fund (01)	\$0	\$0	\$0	\$0
Proprietary (06)	\$20,000	\$20,000	\$145,000	\$150,000
<b>TOTAL Funding of Exp.</b>	\$20,000	\$20,000	\$145,000	\$150,000

**Revenues:**

General Fund (01)	\$0	\$0	\$0	\$0
Proprietary (06)	\$0	\$125,000	\$175,000	\$225,000
<b>TOTAL Revenues</b>	\$0	\$125,000	\$175,000	\$225,000

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

General Fund (01)	\$0	\$0	\$0	\$0
Proprietary (06)	(\$20,000)	\$105,000	\$30,000	\$75,000

**Long-Term Impacts:**

1. The expanded authorization may increase the number of bonds issued by the FFA and therefore program revenue.

 <hr/> Sponsor's Initials	1/6/23 <hr/> Date	 <hr/> Budget Director's Initials	1-5-23 <hr/> Date
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