



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:	
HB0188 - Extend funding to Coal Board (Parry, Gary)	
Status:	As Amended in Senate Committee

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input 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 |

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	\$0	\$0	\$0	\$0
Revenue:				
General Fund	(\$2,224,000)	(\$1,853,000)	(\$1,793,000)	(\$1,735,000)
State Special Revenue	\$2,224,000	\$1,853,000	\$1,793,000	\$1,735,000
Net Impact-General Fund Balance:	(\$2,224,000)	(\$1,853,000)	(\$1,793,000)	(\$1,735,000)

Description of fiscal impact: Under present law, the 5.8% allocation of coal severance tax revenue to the Coal Board will be reduced to 2.9% on July 1, 2023. HB 188, as amended, extends the 5.8% funding indefinitely. The present law fiscal impact is an increase in revenue to the state special revenue fund and a decrease in revenue to the general fund.

FISCAL ANALYSIS

Assumptions:

Department of Revenue

1. Projections of total coal severance tax revenue for the 2025 biennium are from the legislature's HJ 2 revenue estimate. Extended estimates through FY 2027 are provided by the Legislative Fiscal Division.
2. Coal severance tax collections for FY 2024 – FY 2027 are multiplied by 2.9% to calculate the distribution to the Coal Board under present law and by 5.8% to calculate the distribution per the provisions of HB 188.
3. General fund revenue declines and state special revenue rises because of HB 188.
4. The amendment that extends the 5.8% distribution to the Coal Board indefinitely does not change the fiscal impact of the bill for the FY 2024 – FY 2027 period. The following table summarizes the fiscal impact of HB 188.

Fiscal Impact of HB 188				
	FY 2024	FY 2025	FY 2026	FY 2027
HJ 2 Total Coal Severance Tax	\$76,664,000	\$63,876,000	\$61,829,000	\$59,846,000
Current Law				
Coal Board Distribution	2.9%	2.9%	2.9%	2.9%
Coal Board Revenue	\$2,223,000	\$1,852,000	\$1,793,000	\$1,736,000
General Fund Revenue	\$20,644,000	\$17,218,000	\$16,670,000	\$16,138,000
Proposed Law				
Coal Board Distribution	5.8%	5.8%	5.8%	5.8%
Coal Board Revenue	\$4,447,000	\$3,705,000	\$3,586,000	\$3,471,000
General Fund Revenue	\$18,420,000	\$15,365,000	\$14,877,000	\$14,403,000
Fiscal Impact				
Coal Board Revenue	\$2,224,000	\$1,853,000	\$1,793,000	\$1,735,000
General Fund Revenue	(\$2,224,000)	(\$1,853,000)	(\$1,793,000)	(\$1,735,000)
Total Fiscal Impact	\$0	\$0	\$0	\$0

5. Costs associated with this bill are expected to be minimal and will be absorbed by the Department of Revenue.

Department of Commerce

6. During the 2023 biennium, the Coal Board received 23 applications and awarded 18 grants to eligible entities to address impacts from coal development. There are two meetings left in the 2023 biennium where the Coal Board will likely make additional grant awards. During the 2021 biennium, the Coal Board received 42 applications and awarded 23 grants to eligible entities with an average award of \$152,961. Taking into account the average grant awarded by the Coal Board, revenue flows under current law, and after-program administration expenses, the increased distribution percentage proposed in this bill will result in the award of approximately 26 additional grants in the 2025 biennium and 23 additional grants in the 2027 biennium.
7. The additional funds will be managed by existing Coal Board staff within the Department of Commerce.

	<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>				
Personal Services	\$0	\$0	\$0	\$0
Operating Expenses	\$0	\$0	\$0	\$0
Grants	\$2,224,000	\$1,853,000	\$1,793,000	\$1,735,000
TOTAL Expenditures	\$2,224,000	\$1,853,000	\$1,793,000	\$1,735,000
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$2,224,000	\$1,853,000	\$1,793,000	\$1,735,000
TOTAL Funding of Exp.	\$2,224,000	\$1,853,000	\$1,793,000	\$1,735,000
<u>Revenues:</u>				
General Fund (01)	(\$2,224,000)	(\$1,853,000)	(\$1,793,000)	(\$1,735,000)
State Special Revenue (02)	\$2,224,000	\$1,853,000	\$1,793,000	\$1,735,000
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$2,224,000)	(\$1,853,000)	(\$1,793,000)	(\$1,735,000)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Long-Term Impacts:

1. Lower general fund revenue and higher state special revenue beyond FY 2027.

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<i>Sponsor's Initials</i>	<i>Date</i>	<i>Budget Director's Initials</i>	<i>Date</i>