



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0188 - Extend funding to Coal Board (Parry, Gary)

Status: As Introduced

- | | | |
|---|--|--|
| <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: | <u>(\$2,224,000)</u> | <u>(\$1,853,000)</u> | <u>(\$1,793,000)</u> | <u>(\$1,735,000)</u> |

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 extends the 5.8% funding through June 30, 2027. 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. The extension of the 5.8% distribution to the Coal Board through FY 2027 increases state special revenue and decreases general fund revenue for the period FY 2024 – FY 2027. 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 |

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

Department of Commerce

- 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.
- 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 |




Sponsor's Initials _____ Date 1/11/23

Budget Director's Initials _____ Date 1/11/23