



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0932.02 (005): Generally revise conservation financing laws

Primary Sponsor: Ken Walsh Status: As Amended in Senate

☐ 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</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>
Expenditures				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$106,547	\$108,389	\$110,268
Revenues				
General Fund (01)	(\$71,000)	(\$234,000)	(\$364,000)	(\$1,028,000)
State Special Revenue (02)	\$71,000	\$234,000	\$364,000	\$998,000
Net Impact	<u>(\$71,000)</u>	<u>(\$234,000)</u>	<u>(\$364,000)</u>	<u>(\$1,028,000)</u>
General Fund Balance				

Description of fiscal impact

HB 932 revises the distribution of the marijuana state special revenue account to distribute 20% to the newly created habitat legacy account instead of directly to habitat Montana and changes the distribution to the HEART fund from a flat \$6 million per year to an 11% distribution. This results in a small increase in projected distributions to the HEART fund and small decrease in the distributions to the FWP accounts and the general fund. The habitat legacy account will be administered by the Department of Fish, Wildlife, and Parks.

FISCAL ANALYSIS

Assumptions

Department of Revenue

1. HB 932, as amended, makes minor changes to the distribution of marijuana revenue and creates a habitat legacy account and state special revenue accounts for wildlife habitat conservation, wildlife improvement projects, and wildlife crossings to be administered by the Department of Fish, Wildlife, and Parks (FWP).
2. The bill revises the distribution out of the marijuana state special revenue account to the HEART fund from a flat \$6 million per year to 11% of the available revenue after the costs to the Department of Revenue are taken out. The remaining distribution percentages stay the same and are still calculated off the remaining balance after the HEART Fund distribution. This means that the change to the HEART fund distribution will result in small carryover changes to the other distributions including the final distribution to the general fund, sending 20% to the habitat legacy account instead of directly to habitat Montana.
3. The following table shows the current law projected distributions from the marijuana state special revenue account.

Current Law Marijuana Account Distributions (\$millions)										
FY	HJ2 Marijuana Revenue	GF	Wildlife Habitat	State Parks	Trails & Rec	Nongame Wildlife	Veterans	Crime Control	Heart Fund	DOR Costs
2026	\$62.79	\$33.306	\$9.899	\$1.980	\$1.980	\$1.980	\$0.200	\$0.150	\$6.000	\$7.300
2027	\$64.97	\$34.785	\$10.334	\$2.067	\$2.067	\$2.067	\$0.200	\$0.150	\$6.000	\$7.300
2028	\$66.71	\$35.970	\$10.682	\$2.136	\$2.136	\$2.136	\$0.200	\$0.150	\$6.000	\$7.300
2029	\$68.72	\$37.336	\$11.084	\$2.217	\$2.217	\$2.217	\$0.200	\$0.150	\$6.000	\$7.300

4. The following table shows the projected distribution amounts from the marijuana state special revenue account under HB 932.

HB 932 Marijuana Account Distributions (\$millions)										
FY	HJ2 Marijuana Revenue	GF	Wildlife Habitat	State Parks	Trails & Rec	Nongame Wildlife	Veterans	Crime Control	Heart Fund	DOR Costs
2026	\$62.79	\$33.235	\$9.878	\$1.976	\$1.976	\$1.976	\$0.200	\$0.150	\$6.104	\$7.300
2027	\$64.97	\$34.551	\$10.265	\$2.053	\$2.053	\$2.053	\$0.200	\$0.150	\$6.344	\$7.300
2028	\$66.71	\$35.606	\$10.575	\$2.115	\$2.115	\$2.115	\$0.200	\$0.150	\$6.535	\$7.300
2029	\$68.72	\$36.822	\$10.933	\$2.187	\$2.187	\$2.187	\$0.200	\$0.150	\$6.756	\$7.300

5. The following table shows the changes in estimated revenue distributions to the general fund and the state special revenue accounts associated with each agency.

Impact of HB 932 on Distributions by Agency (\$ millions)					
FY	GF	FWP	DMA	DOJ	DPHHS
2026	-\$0.071	-\$0.033	\$0.000	\$0.00	\$0.104
2027	-\$0.234	-\$0.110	\$0.000	\$0.00	\$0.344
2028	-\$0.364	-\$0.171	\$0.000	\$0.00	\$0.535
2029	-\$0.514	-\$0.242	\$0.000	\$0.00	\$0.756

6. The amended bill changes the 20 percent distribution for Habitat Montana to the newly created Habitat Legacy Account, which will just change the process within FWP for allocating and spending this distribution of the marijuana revenue.
7. Other than having to make the change in distribution formula associated with the change in the HEART fund distribution, this bill will not have an impact on the Department a Revenue.

Department of Public Health and Human Services

8. 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 11% per year.
9. The change to the distribution to the HEART fund will increase revenue to that account by \$104,000 in FY 2026, \$344,000 in FY 2027, \$535,000 in FY 2028, and \$756,000 in FY 2029.
10. HB 932 does not provide an appropriation to the department to spend the additional HEART funds. As a result, there are no additional expenditures of HEART funds for fiscal years 2026 through 2029.

Department of Fish, Wildlife, and Parks (FWP)

11. Along with establishing the Habitat Legacy account, HB 932 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.
12. 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).
 13. 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.
 14. Land and Wildlife Stewardship funds will be used for the following:
 - a. to secure wildlife habitat pursuant to 87-1-209, MCA
 - b. for state water projects up \$4 million per fiscal year in coordination with the Department of Natural Resources and Conservation (DNRC)
 - c. for any conservation projects that include public access
 15. 20% of the funds collected will be transferred from the Habitat Legacy account to the Wildlife Habitat Improvement Projects state special revenue account.
 16. 5% of the funds collected will be transferred from the Habitat Legacy account to the Big Game and Wildlife Highway Crossings and Accommodations account.
 17. 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
 18. The \$50 million cap will increase based on the CPI increasing yearly.
 19. 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.
 20. HB 932 will require 1.00 FTE for a grant coordinator to administer the financials and monitor all subrecipient agreements to mitigate risk and avoid audit findings. The projected costs for personal services are \$ 92,087 for FY27 and \$93,929 for FY28 (includes a 2% increase due to HB13).
 21. Administrative costs may not exceed 15% of the total amount of the grant or contract distributed under the Habitat Legacy account.
 22. In Section 7 of the bill, the "Commission" is no longer defined and is removed from the bill.
 23. In Section 8, the Wildlife Improvement advisory council is appointed by the director. The council will rank the projects and advise FWP on the administration and recommendations.
 24. The Wildlife Habitat Improvement advisory council will consist of the following:
 - a. a wildlife biologist
 - b. a member of an Indian tribe within Montana 2-15-141, MCA
 - c. an agricultural or livestock producer or representative of an agriculture or livestock organization in Montana
 - d. a member of a conservation organization
 - e. a representative of Montana weed control association
 25. The Wildlife Habitat Improvement advisory council will need to meet at least 3x per year. An estimated cost of \$ 14,460 per year.
 26. In ranking the projects, the 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)
 27. In Section 10, Wildlife Habitat Improvement projects may be given through grants or contracts to the following:
 - a. state, tribal, federal agencies
 - b. conservation, irrigation, grazing, weed control districts/associations
 - c. nonprofit organizations
 28. HB 932 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

Fiscal Analysis Table

Department of Fish, Wildlife, and Parks				
	<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	0.00	1.00	1.00	1.00
TOTAL Fiscal Impact	0.00	1.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$0	\$92,087	\$93,929	\$95,808
Operating Expenses	\$0	\$14,460	\$14,460	\$14,460
TOTAL Expenditures	\$0	\$106,547	\$108,389	\$110,268
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$0	\$106,547	\$108,389	\$110,268
TOTAL Funding of Expenditures	\$0	\$106,547	\$108,389	\$110,268
<u>Revenues</u>				
State Special Revenue (02)	(\$33,000)	(\$110,000)	(\$171,000)	\$242,000
TOTAL Revenues	(\$33,000)	(\$110,000)	(\$171,000)	\$242,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	(\$33,000)	(\$216,547)	(\$279,389)	\$131,732

Department of Public Health and Human Services				
	<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>				
<u>Expenditures</u>				
<u>Funding of Expenditures</u>				
<u>Revenues</u>				
State Special Revenue (02)	\$104,000	\$344,000	\$535,000	\$756,000
TOTAL Revenues	\$104,000	\$344,000	\$535,000	\$756,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$104,000	\$344,000	\$535,000	\$756,000

Department of Revenue

	<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>				
<u>Expenditures</u>				
<u>Funding of Expenditures</u>				
<u>Revenues</u>				
General Fund (01)	(\$71,000)	(\$234,000)	(\$364,000)	(\$514,000)
TOTAL Revenues	(\$71,000)	(\$234,000)	(\$364,000)	(\$514,000)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$71,000)	(\$234,000)	(\$364,000)	(\$514,000)

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	0.00	1.00	1.00	1.00
TOTAL Fiscal Impact	0.00	1.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$0	\$92,087	\$93,929	\$95,808
Operating Expenses	\$0	\$14,460	\$14,460	\$14,460
TOTAL Expenditures	\$0	\$106,547	\$108,389	\$110,268
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$0	\$106,547	\$108,389	\$110,268
TOTAL Funding of Expenditures	\$0	\$106,547	\$108,389	\$110,268
<u>Revenues</u>				
General Fund (01)	(\$71,000)	(\$234,000)	(\$364,000)	(\$514,000)
State Special Revenue (02)	\$71,000	\$234,000	\$364,000	\$998,000
TOTAL Revenues	\$0	\$0	\$0	\$484,000
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$71,000	\$127,453	\$255,611	\$887,732
General Fund (01)	(\$71,000)	(\$234,000)	(\$364,000)	(\$514,000)

Technical Concerns

Department of Public Health and Human Services

1. The bill does not give the department any appropriation to spend the increased revenue for the HEART account.
2. SB 537 also revises the distribution of marijuana tax revenue to the HEART account.

	<u>4/29/2025</u>		<u>4/29/2025</u>
Sponsor's Initials	Date	Budget Director's Initials	Date