



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **SB0537.01: Generally revise marijuana tax laws**

Primary Sponsor: Daniel Zolnikov

Status:

As Introduced

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>
<b>Expenditures</b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$19,739,237	\$20,507,792	\$21,127,739	\$21,841,760
<b>Revenues</b>				
General Fund (01)	(\$33,155,500)	(\$34,628,500)	(\$35,809,500)	(\$37,170,500)
State Special Revenue (02)	\$33,167,000	\$34,640,000	\$35,822,000	\$37,182,000
<b>Net Impact</b>	<u><u>(\$33,155,500)</u></u>	<u><u>(\$34,628,500)</u></u>	<u><u>(\$35,809,500)</u></u>	<u><u>(\$37,170,500)</u></u>
<b>General Fund Balance</b>				

### 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)

1. 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.
2. 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:
  - a. Administrative costs for the department as appropriated in HB 2,
  - b. \$6 million to the HEART fund, of the remaining balance;
  - c. 20% to FWP for wildlife habitat,
  - d. 4% to the state park account,
  - e. 4% to the trails and recreational facilities account,
  - f. 4% to the nongame wildlife account,
  - g. \$200,000 to the veterans and surviving spouses account,

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(continued)

- 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 allocates 10% of the excess revenue to the Healing and Ending Addiction through Recovery and Treatment (HEART) account. The \$6 million per year revenue currently allocated is replaced with this 10% allocation for a total of \$5,549,000 for FY 2026, \$5,767,000 for FY 2027, \$ 5,941,000 for FY 2028 and \$6,142,000 for FY 2029.
10. The allocation of the 10% to the HEART account results in a decrease of \$451,000 in FY 2026, \$233,000 in FY 2027, \$59,000 in FY 2028, and an increase of \$142,000 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 2029. There is no appropriation to the department to spend the money. For this analysis, the additional revenue from the 6.5% is collected, but not spent.
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 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. Based on current revenue projections, MVAD would receive \$277,000 in FY 2026, \$288,000 in FY 2027, \$297,000 in FY 2028, and \$307,000 in FY 2029. 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.

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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. While SB 537 does not include an appropriation to the DMA to spend the revenue, this analysis includes expenditures.

**Department of Fish, Wildlife, and Parks (FWP)**

21. SB537 establishes the Habitat Legacy Account, a new state special revenue fund for wildlife habitat.
22. The Habitat Legacy account maintains a 20% allocation from collected marijuana tax revenue. At the end of each fiscal year, 75% of these funds must be transferred to Fish, Wildlife and Parks (FWP) for the Habitat Montana (02114) fund until it contains \$50 million of unobligated funds. The remaining 25% (of the 20%) will remain in the Habitat Legacy Account.
23. If there are more than \$50 million in unobligated funds in the Habitat Montana fund (02114), the revenue collected will remain in the Habitat Legacy account.
24. The \$50 million cap will increase based on the Consumer Price Index (CPI).
25. The CPI as of June 2025 is calculated at 2.33%. In order for the transfer to continue, the unobligated balance in the Habitat Montana Fund (02114) must be below \$51.2 million for FY 2026.
26. The 25% remaining in the Habitat Legacy account may only be used for habitat conservation projects per 87-1-242(3), MCA, or wildlife habitat improvement projects 87-5-806, MCA.
27. The changes to current 87-5-806, MCA, greatly expands the Wildlife Habitat Improvement Program (WHIP) to allow for a multitude of aquatic and terrestrial habitat improvement projects. WHIP would no longer be focused only on landscape scale noxious weed treatments that benefit wildlife.
28. SB537 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 Wildlife Habitat Improvement manager with expertise in habitat management and restoration is required to evaluate, develop, monitor and implement all projects approved by the council. A 0.50 FTE administrative assistant is necessary to directly assist with coordination of the council, project evaluations and legislature reports. The projected costs for personal services are \$199,798 each year for FY 2026 and FY 2027.
29. Section 5 of SB537 changes the appointment of the wildlife habitat improvement advisory council from being appointed by the director to the governor and changes the council's composition. The council will now rank projects using Habitat Montana funding as well.
30. The advisory council will rank wildlife habitat improvement projects using non-mandatory factors including public access, number of project partners, and projects cost.
31. Section 7 adds in the responsibility to the advisory council to rank projects associated for Habitat Montana. This would include the Habitat Conservation Lease program, acquisitions, state leases, and maintenance enhancement. The agency assumes to meet the need it will require the council to meet one time per month for 2 days. An estimated cost of \$50,439 per year.
32. Habitat Legacy projects would be through grants or contracts to state, tribal, federal boards, and 501(c)(3) organizations.
33. Administrative costs can not exceed 15% of the total amount of the grant or contract distributed under the Habitat Legacy account.
34. A big game and wildlife highway crossings and accommodation account is created in Section 9. This account would fall under the Habitat Legacy account (25% holdover) for wildlife improvement projects.
35. While SB 537 does not include an appropriation to FWP to spend the revenue, this analysis includes expenditures.

**Department of Justice**

36. With the new distributions in SB 537, 35.25% of the marijuana state special revenue account to the DOJ and

**Fiscal Note Request - As Introduced***(continued)*

MBCC, new revenue totals are estimated at \$19,412,000 in FY 2026, \$20,178,000 in FY 2027, \$20,793,000 in FY 2028 and \$21,501,000 in FY 2029.

**Division of Criminal Investigation (DCI)**

37. 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 (FREP) 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.

38. 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.

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- 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).
39. It is assumed that a 2.5% transfer to administer grant funding, operating for the DCI, and testing would require an additional 15.00 FTE, with the accountant and administrative assistant positions phased in between FY 2026 and FY 2028. Total expenditures of \$1,387,000 in FY 2026, \$1,442,000 in FY 2027, \$1,485,000 in FY 2028 and \$1,536,000 in FY 2029.
- a. It is assumed that funding not utilized for grant administration as noted below would be used for testing, \$8,119 in FY 2026, \$68,318 in FY 2027, \$12,959 in FY 2028 and \$53,690 in FY 2029.
- b. The FTE and associated expenditures per fiscal year are: 1.0 FTE grant manager to provide program oversight; 6.0 FTE grant contract coordinators to manage applications, track funding, and manage compliance of grants, including 2.0 FTE for tribal grants and 4.0 FTE for sheriff agency grants; 4.0 FTE accountants to ensure financial record keeping follows HB 537 requirements, grant requirements, allowable expenditures, and distribution of funds; 4.0 FTE administrative assistants for all other office duties, including correspondence and answering phones.

Position	FY 2026				FY 2027				FY 2028				FY 2029				
	FTE	Personal Services	Operating	Equipment	TOTAL	FTE	Personal Services	Operating	TOTAL	FTE	Personal Services	Operating	TOTAL	FTE	Personal Services	Operating	TOTAL
Grant Program Manager	1	\$128,113	\$20,432	\$40,000	\$188,545	1	\$131,314	\$14,540	\$145,854	1	\$133,709	\$14,758	\$148,467	1	\$134,582	\$14,979	\$149,561
Grant Coordinator	6	\$532,466	\$111,147	\$0	\$643,613	6	\$549,124	\$66,279	\$615,403	6	\$558,982	\$67,273	\$626,255	6	\$562,457	\$68,282	\$630,739
Accountant	3	\$248,459	\$44,041	\$0	\$292,500	4	\$342,384	\$29,446	\$371,830	4	\$348,508	\$29,888	\$378,396	4	\$350,650	\$30,336	\$380,986
Administrative Assistant	3	\$210,181	\$44,042	\$0	\$254,223	3	\$218,510	\$22,085	\$240,595	4	\$296,507	\$22,416	\$318,923	4	\$298,272	\$22,752	\$321,024
Total	13	\$1,119,219	\$219,662	\$40,000	\$1,378,881	14	\$1,241,332	\$132,350	\$1,373,682	15	\$1,337,706	\$134,335	\$1,472,041	15	\$1,345,961	\$136,349	\$1,482,310

**MBCC**

40. 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.
41. While SB 537 does not include an appropriation to the DOJ to spend the revenue, this analysis includes expenditures.

**Fiscal Analysis Table**

## Department of Fish, Wildlife, and Parks

	FY 2026 <u>Difference</u>	FY 2027 <u>Difference</u>	FY 2028 <u>Difference</u>	FY 2029 <u>Difference</u>
<b>Fiscal Impact</b>				
FTE	2.50	2.50	2.50	2.50
<b>TOTAL Fiscal Impact</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>	<b>2.50</b>
<b>Expenditures</b>				
Personal Services	\$199,798	\$199,798	\$202,795	\$205,837
Operating Expenses	\$50,439	\$50,439	\$51,196	\$51,963
<b>TOTAL Expenditures</b>	<b>\$250,237</b>	<b>\$250,237</b>	<b>\$253,991</b>	<b>\$257,800</b>
<b>Funding of Expenditures</b>				
State Special Revenue (02)	\$250,237	\$250,237	\$253,991	\$257,800
<b>TOTAL Funding of Expenditures</b>	<b>\$250,237</b>	<b>\$250,237</b>	<b>\$253,991</b>	<b>\$257,800</b>
<b>Revenues</b>				
State Special Revenue (02)	\$1,920,000	\$1,920,000	\$1,920,000	\$1,920,000
<b>TOTAL Revenues</b>	<b>\$1,920,000</b>	<b>\$1,920,000</b>	<b>\$1,920,000</b>	<b>\$1,920,000</b>
<b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</b>				
State Special Revenue (02)	\$1,669,763	\$1,669,763	\$1,666,009	\$1,662,200

## Department of Justice

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(continued)

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b><u>Fiscal Impact</u></b>				
FTE	13.00	14.00	15.00	15.00
<b>TOTAL Fiscal Impact</b>	<b>13.00</b>	<b>14.00</b>	<b>15.00</b>	<b>15.00</b>
<b><u>Expenditures</u></b>				
Personal Services	\$1,119,219	\$1,241,332	\$1,337,706	\$1,345,961
Operating Expenses	\$1,049,781	\$1,059,668	\$1,037,294	\$1,115,039
Equipment	\$40,000	\$0	\$0	\$0
Grants	\$17,203,000	\$17,877,000	\$18,418,000	\$19,041,000
<b>TOTAL Expenditures</b>	<b>\$19,412,000</b>	<b>\$20,178,000</b>	<b>\$20,793,000</b>	<b>\$21,502,000</b>
<b><u>Funding of Expenditures</u></b>				
State Special Revenue (02)	\$19,412,000	\$20,178,000	\$20,793,000	\$21,502,000
<b>TOTAL Funding of Expenditures</b>	<b>\$19,412,000</b>	<b>\$20,178,000</b>	<b>\$20,793,000</b>	<b>\$21,502,000</b>
<b><u>Revenues</u></b>				
General Fund (01)	\$12,500	\$12,500	\$12,500	\$12,500
State Special Revenue (02)	\$19,412,000	\$20,178,000	\$20,793,000	\$21,501,000
<b>TOTAL Revenues</b>	<b>\$19,424,500</b>	<b>\$20,190,500</b>	<b>\$20,805,500</b>	<b>\$21,513,500</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
State Special Revenue (02)	\$0	\$0	\$0	(\$1,000)
General Fund (01)	\$12,500	\$12,500	\$12,500	\$12,500

**Department of Military Affairs**

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b>Fiscal Impact</b>				
FTE	1.00	1.00	1.00	1.00
<b>TOTAL Fiscal Impact</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>	<b>1.00</b>
<b>Expenditures</b>				
Personal Services	\$77,000	\$79,555	\$80,748	\$81,960
<b>TOTAL Expenditures</b>	<b>\$77,000</b>	<b>\$79,555</b>	<b>\$80,748</b>	<b>\$81,960</b>
<b>Funding of Expenditures</b>				
State Special Revenue (02)	\$77,000	\$79,555	\$80,748	\$81,960
<b>TOTAL Funding of Expenditures</b>	<b>\$77,000</b>	<b>\$79,555</b>	<b>\$80,748</b>	<b>\$81,960</b>
<b>Revenues</b>				
State Special Revenue (02)	\$77,000	\$88,000	\$97,000	\$107,000
<b>TOTAL Revenues</b>	<b>\$77,000</b>	<b>\$88,000</b>	<b>\$97,000</b>	<b>\$107,000</b>
<b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</b>				
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>
<b>Fiscal Impact</b>				
Expenditures				
<b>Funding of Expenditures</b>				
Revenues				
State Special Revenue (02)	\$10,926,000	\$11,589,000	\$12,121,000	\$12,733,000
<b>TOTAL Revenues</b>	<b>\$10,926,000</b>	<b>\$11,589,000</b>	<b>\$12,121,000</b>	<b>\$12,733,000</b>
<b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</b>				
State Special Revenue (02)	\$10,926,000	\$11,589,000	\$12,121,000	\$12,733,000

**Department of Revenue**

	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b>Fiscal Impact</b>				
<b>Expenditures</b>				
<b>Funding of Expenditures</b>				
<b>Revenues</b>				
General Fund (01)	(\$33,168,000)	(\$34,641,000)	(\$35,822,000)	(\$37,183,000)
State Special Revenue (02)	\$832,000	\$865,000	\$891,000	\$921,000
<b>TOTAL Revenues</b>	<b>(\$32,336,000)</b>	<b>(\$33,776,000)</b>	<b>(\$34,931,000)</b>	<b>(\$36,262,000)</b>
<b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</b>				
General Fund (01)	(\$33,168,000)	(\$34,641,000)	(\$35,822,000)	(\$37,183,000)
State Special Revenue (02)	\$832,000	\$865,000	\$891,000	\$921,000

**STATEWIDE SUMMARY**

	<b>FY 2026 Difference</b>	<b>FY 2027 Difference</b>	<b>FY 2028 Difference</b>	<b>FY 2029 Difference</b>
<b>Fiscal Impact</b>				
FTE	16.50	17.50	18.50	18.50
<b>TOTAL Fiscal Impact</b>	<b>16.50</b>	<b>17.50</b>	<b>18.50</b>	<b>18.50</b>
<b>Expenditures</b>				
Personal Services	\$1,396,017	\$1,520,685	\$1,621,249	\$1,633,758
Operating Expenses	\$1,100,220	\$1,110,107	\$1,088,490	\$1,167,002
Equipment	\$40,000	\$0	\$0	\$0
Grants	\$17,203,000	\$17,877,000	\$18,418,000	\$19,041,000
<b>TOTAL Expenditures</b>	<b>\$19,739,237</b>	<b>\$20,507,792</b>	<b>\$21,127,739</b>	<b>\$21,841,760</b>
<b>Funding of Expenditures</b>				
State Special Revenue (02)	\$19,739,237	\$20,507,792	\$21,127,739	\$21,841,760
<b>TOTAL Funding of Expenditures</b>	<b>\$19,739,237</b>	<b>\$20,507,792</b>	<b>\$21,127,739</b>	<b>\$21,841,760</b>
<b>Revenues</b>				
General Fund (01)	(\$33,155,500)	(\$34,628,500)	(\$35,809,500)	(\$37,170,500)
State Special Revenue (02)	\$33,167,000	\$34,640,000	\$35,822,000	\$37,182,000
<b>TOTAL Revenues</b>	<b>\$11,500</b>	<b>\$11,500</b>	<b>\$12,500</b>	<b>\$11,500</b>
<b>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</b>				
State Special Revenue (02)	\$13,427,763	\$14,132,208	\$14,694,261	\$15,340,240
General Fund (01)	(\$33,155,500)	(\$34,628,500)	(\$35,809,500)	(\$37,170,500)

**Technical Concerns**

**Department of Revenue**

1. 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 how it should be used. 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.

**Department of Public Health and Human Services (department)**

2. The bill does not give the department any appropriation to spend the revenue for the Behavioral Health for Future Generations account or the prevention of drug and alcohol use account.
3. Section 2 (6) gives the department authority to spend no more than \$2 million in grants to nonprofit corporations that provide homeless shelter or case management services. However, the current annual HEART appropriation is already fully allocated, therefore without additional HEART revenue and associated appropriation, in order to allocate funding for the purpose outlined in Section 2 (6) the department would need to decrease HEART allocation for other services.

**Department of Military Affairs**

4. The Montana Veteran Affairs Division (MVAD) would prefer it receive 0.5% or \$200,000, whichever is greater, to maintain a sustainable budget in the division.

**Department of Fish, Wildlife, and Parks (FWP)**

1. As written, it is unclear whether the wildlife habitat improvement advisory council is an "agency" as defined in 2-3-102, MCA. In order to have rulemaking authority, it should be considered as an "agency" and therefore be able to make its own rules, as opposed to requiring FWP to adopt the rules proposed by the council.
2. As written, Section 5 is unclear whether the council is allocated for administrative purposes to the department, pursuant to 2-15-121, MCA. The bill gives the council additional reporting requirements, administrative duties, tracking, etc. If the council is administratively attached, then FWP would be required to provide support (FTE) to accomplish the council's additional responsibilities. If there is no clear administrative attachment, then it is not clear how the council accomplishes the duties it is assigned

**Office of Budget and Program Planning (OBPP)**

1. There is no appropriation in SB 537, however, some agency expenditures are shown in the fiscal analysis. Without appropriations, not all revenue generated by SB 537 can be spent.

**NO SPONSOR SIGNATURE**

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Sponsor's Initials

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Date

4/1/25



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Budget Director's Initials

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3/31/2025

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Date