



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0477.01: Phase out polystyrene single use food containers

Primary Sponsor: Marilyn Marler 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> |
|-----------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures | | | | |
| General Fund (01) | \$73,946 | \$74,461 | \$76,227 | \$75,971 |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$0 | \$187,500 | \$187,500 | \$187,500 |
| Net Impact | <u>(\$73,946)</u> | <u>(\$74,461)</u> | <u>(\$76,227)</u> | <u>(\$75,971)</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 477 requires the Department of Environmental Quality (DEQ) to develop rules to implement and enforce restrictions on the use of expanded polystyrene foam (Styrofoam) at restaurants or food establishments, resorts and hotel, and for food packagers.

FISCAL ANALYSIS

Assumptions

Department of Environmental Quality

1. The requirements for implementation of the bill are phased, with the first prohibition beginning January 1, 2028, for restaurants or food establishments (for food/beverages to be served in the food establishment). The next phase begins on January 1, 2029, for restaurants, food establishments, resorts, and hotels (for food to be consumed on or off the premises). The final phase begins January 1, 2030, for food packagers.
2. In accordance with the Department of Public Health and Human Services Food and Consumer Safety Bureau, it is estimated that approximately 7,500 establishments would have to comply after full implementation of program.
3. HB 477 requires the DEQ to create a new program for phasing out the use of styrofoam and provides the authority for rule making.
4. HB 477 will be codified within part Title 75, Chapter 10, MCA, new rules will need to be drafted, made available for public comment, and adopted during FY 2027. The rules would establish a process for receiving, processing, and acting on applications for exemptions; further define appropriate exemptions to Section 3 of the bill; and would include an enforcement mechanism.

Fiscal Note Request - As Introduced*(continued)*

5. HB 477 provides rulemaking authority to establish a fee and deposit this dedicated revenue source in the Environmental Rehabilitation and Response Account, MCA 75-1-110.
6. Revenue collected would represent the necessary amount to process exemption applications and would not be received until FY 2028 when rules are established.
7. HB 477 would require 0.50 FTE, Environmental Science Specialist to develop and administer this program.
8. Personal Services indirect costs will remain at 24%.
9. Funding would be required to review and process exemption requests, provide compliance assistance and training, perform inspections, address citizen complaints, and implement enforcement provisions.
10. Implementation of HB 477 would require DEQ to incur operating expenses to include travel, training, and outreach. Costs are estimated at \$5,500 for FY 2026 and \$4,500 in FY 2027, FY 2028 and FY 2029.
11. HB 477 directs that the fee established will cover cost of processing fees and deposited into the Environmental Rehabilitation and Response Account established in 75-5-110 MCA.
12. However, administration and enforcement expenditures for HB 477 are not allowable to the Environmental Rehabilitation and Response Account; therefore, general fund would be required to fund activities.
13. Only 15% of the costs to administer and enforce HB 477 are for processing exemption applications.

Fiscal Analysis Table

| | FY 2026 Difference | FY 2027 Difference | FY 2028 Difference | FY 2029 Difference |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Personal Services | \$55,198 | \$56,420 | \$57,844 | \$57,638 |
| Operating Expenses | \$18,748 | \$18,041 | \$18,383 | \$18,333 |
| TOTAL Expenditures | \$73,946 | \$74,461 | \$76,227 | \$75,971 |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$73,946 | \$74,461 | \$76,227 | \$75,971 |
| TOTAL Funding of Expenditures | \$73,946 | \$74,461 | \$76,227 | \$75,971 |
| <u>Revenues</u> | | | | |
| State Special Revenue (02) | \$0 | \$187,500 | \$187,500 | \$187,500 |
| TOTAL Revenues | \$0 | \$187,500 | \$187,500 | \$187,500 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$73,946) | (\$74,461) | (\$76,227) | (\$75,971) |
| State Special Revenue (02) | \$0 | \$187,500 | \$187,500 | \$187,500 |



Sponsor's Initials

Date



Budget Director's Initials

2/19/2025

Date