



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0368.02 R (005): Generally revise water supply requirements for coal-fired generating units**

Primary Sponsor: Gary Parry Status: As Amended in House Committee

☐ 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)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
State Special Revenue (02)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>Net Impact</b>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>	<u>(\$2,000,000)</u>
<b>General Fund Balance</b>				

### **Description of fiscal impact**

As amended, HB 368 directs \$2 million of coal severance tax revenue into a new town of Colstrip water infrastructure mitigation account within the state special revenue fund. This allocation would come out of the amount of coal severance tax revenue that is currently deposited in the general fund. HB 368, as amended, reduces general fund revenue by \$2 million per year.

### **FISCAL ANALYSIS**

#### **Assumptions**

1. HB 368 has no effective date. Per 1-2-201, MCA, the bill will become effective October 1, 2025.
2. Under current law, after coal severance tax revenue gets distributed to the coal trust fund (50% of total revenue) and various other accounts (about 26.5% of total revenue), the remaining amount is deposited in the general fund (approximately 23.5% of the coal severance tax).
3. The provisions of HB 368 create a new allocation from coal severance tax revenue, directing \$2 million each fiscal year to the town of Colstrip water infrastructure mitigation account. This new allocation will come from the 50% of revenue that is distributed among the general fund and multiple accounts in other state funds (15-35-108(2)-(11), MCA). Since the general fund receives the remainder after all fixed distributions are made, the new \$2 million allocation to the town of Colstrip water infrastructure mitigation account will reduce the amount deposited in the general fund by \$2 million.
4. Using the HJ 2 forecast for coal severance tax revenue, the table below details the impact of HB 368 on general fund revenue.

HB 368 Change to Distribution of Coal Severance Tax Revenue (\$ millions)					
FY	Total Revenue	Existing 15-35-108(2)-(11) Allocations	Current Law General Fund Amount	HB 368 Allocation to Colstrip Water Account	HB 368 General Fund Amount
2026	\$59.542	\$15.796	\$13.974	\$2.000	\$11.974
2027	\$55.442	\$14.726	\$12.995	\$2.000	\$10.995
2028	\$51.777	\$13.769	\$12.120	\$2.000	\$10.120
2029	\$48.633	\$12.948	\$11.368	\$2.000	\$9.368

## Fiscal Analysis Table

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<b><u>Fiscal Impact</u></b>				
<b><u>Expenditures</u></b>				
<b><u>Funding of Expenditures</u></b>				
<b><u>Revenues</u></b>				
General Fund (01)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
State Special Revenue (02)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u></b>				
General Fund (01)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
State Special Revenue (02)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000

Shay W. Parry      3/6/25  
Sponsor's Initials      Date

RD      3/5/2025  
Budget Director's Initials      Date

