



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: HB0848.03 (004): Provide funding for regional rail authorities

Primary Sponsor: Denise Baum 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</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>
<b>Expenditures</b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000
<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

HB 848, as amended, changes the allocation of the railroad car company tax revenue, distributing the first \$2 million to the newly created big sky rail account in the state special revenue fund. The Montana Department of Transportation (MDT) will be required to distribute funds to any qualifying regional rail authority in August of each year.

### FISCAL ANALYSIS

#### Assumptions

#### Department of Transportation

1. Railroad car company tax (15-23-211, MCA, through 15-23-216, MCA) revenue is currently deposited into the general fund.
2. HB 848, as amended, establishes the big sky rail account and allocates the first \$2 million of railroad car tax revenue annually into the big sky rail account.
3. Section 1(3) requires MDT to distribute funds once per year, by August 1, to regional rail authorities established before January 1, 2025.
4. There is only one rail authority in the state that was established prior to January 1, 2025 so the revenue generated by this bill would not be eligible for any other rail authority.
5. MDT would use existing resources to process the once per year distribution of funds.

#### Statutory Appropriation

17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall

consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	Yes	No
a. The money is from a continuing, reliable, and estimable source.	X	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.		X
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or effective.	X	
e. It appropriates state general fund money for purposes other than paying for emergency services.	X	
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.		X
h. An expenditure cap and sunset date are excluded.	X	

## Fiscal Analysis Table

## Department of Transportation

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

 4-7-25  
Sponsor's Initials Date

 4/7/2025  
Budget Director's Initials Date



## **Dedication of Revenue 2027 Biennium**

**17-1-507, MCA.**

- 1. Are there persons or entities that benefit from this dedicated revenue that do not pay?**

*Yes*

HB 848 directs \$2 million in revenue from the railroad car tax for regional rail authorities to expend.

- 2. What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**

*Yes*

By using a state special revenue fund, MDT can account and track the exact amount of monies being expended each year. Also, MDT can ensure that only the proper expenditures are applied to the money.

- 3. Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended?**

*No*

HB 848 makes available \$2 million annually, to be used for administration of the rail authority, matching funds from the federal government, development of cooperative relationships, planning, designing, developing, implementing and operating rail projections and services, enhancing safety and performance of passenger and freight rail services etc. Actuals costs for the performance of these eligible activities are anticipated to be substantially more than the revenue that would be available.

- 4. Does the need for this state special revenue provision still exist?**

*Yes*

Yes, the revenues are designated to be distributed to regional rail authorities. The need still exists to ensure that the revenue is used for the desired legislative purpose.

5. Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending?

*No*

No, the dedicated revenue being accounted for in a special revenue helps to ensure that the revenues and expenditures can be easily segregated and budgeted for.

6. Does the dedicated revenue fulfill a continuing, legislatively recognized need?

*No*

To date, the legislature has not indicated they are supportive of using state funds for the restoration of the NCH passenger rail.

7. How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? Also, if the program/activity were general funded, could you adequately account for the program/activity?

*No*

By using a designated state special revenue fund, MDT can more efficiently track revenues and ensure that accurate amounts are distributed to the regional rail authorities annually.