



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0926.01: Revise state finance laws related to the debt free account and the coal trust fund**

Primary Sponsor: Jerry Schillinger

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 2025</u> <u>Difference</u> | <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 | \$0 |
| State Special Revenue (02) | \$25,000,000 | \$0 | \$0 | \$0 | \$0 |
| Other | \$0 | \$0 | \$0 | \$0 | \$0 |
| Revenues | | | | | |
| General Fund (01) | \$0 | \$1,100,000 | \$1,120,000 | \$1,150,000 | \$1,170,000 |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 | \$0 |
| Other | \$0 | \$0 | \$0 | \$0 | \$0 |
| Permanent Trust (09) | \$25,000,000 | \$0 | \$0 | \$0 | \$0 |
| Net Impact | <u>\$0</u> | <u>\$1,100,000</u> | <u>\$1,120,000</u> | <u>\$1,150,000</u> | <u>\$1,170,000</u> |
| General Fund Balance | <u>\$0</u> | <u>\$1,100,000</u> | <u>\$1,120,000</u> | <u>\$1,150,000</u> | <u>\$1,170,000</u> |

Description of fiscal impact

HB 926 transfers any unobligated and unexpended balance in the debt and liability free account to the coal severance tax permanent trust fund. This amount is expected to be \$25 million. Additional money in the coal tax permanent fund will increase interest earnings, translating to an increase in general fund revenue.

FISCAL ANALYSIS

Assumptions

Governor's Office

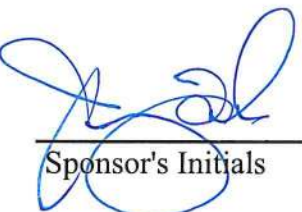
1. HB 926 instructs the state treasurer to transfer the unobligated and unexpended balance of the debt and liability free account to the coal severance tax permanent trust fund within 10 days following the passage and approval of the bill.
2. The executive budget includes obligations for the debt and liability free account. After subtracting these obligations from the account balance, there will be approximately \$25 million available for transfer to the coal tax permanent fund in FY 2025.
3. The transfer to the coal tax permanent fund will be invested fully in the Montana Board of Investment's Trust Fund Investment Pool (TFIP). The yield on TFIP holdings is projected to be 4.38% in FY 2026, 4.49% in FY 2027, 4.61% in FY 2028, and 4.69% in FY 2029. Coal tax permanent fund interest earnings

will increase by \$1.10 million in FY 2026, \$1.12 million in FY 2027, \$1.15 million in FY 2028, and \$1.17 million in FY 2029. Interest earnings from the coal tax permanent fund are deposited in the general fund.

4. Section 3 has coordinating language specifying that if HB 926 is passed and approved and SB 90 is not passed and approved, then the unobligated and unexpended balance of the debt and liability free account is instead transferred to the school facilities fund within the coal tax trust fund.
5. The Department of Revenue will receive \$100 of general fund appropriation to implement this act in FY 2026.

Fiscal Analysis Table

| | <u>FY 2025 Difference</u> | <u>FY 2026 Difference</u> | <u>FY 2027 Difference</u> | <u>FY 2028 Difference</u> | <u>FY 2029 Difference</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact</u> | | | | | |
| <u>Expenditures</u> | | | | | |
| Transfers | \$25,000,000 | \$0 | \$0 | \$0 | \$0 |
| TOTAL Expenditures | \$25,000,000 | \$0 | \$0 | \$0 | \$0 |
| <u>Funding of Expenditures</u> | | | | | |
| State Special Revenue (02) | \$25,000,000 | \$0 | \$0 | \$0 | \$0 |
| TOTAL Funding of Expenditures | \$25,000,000 | \$0 | \$0 | \$0 | \$0 |
| <u>Revenues</u> | | | | | |
| General Fund (01) | \$0 | \$1,100,000 | \$1,120,000 | \$1,150,000 | \$1,170,000 |
| Other | \$0 | \$0 | \$0 | \$0 | \$0 |
| Permanent Trust (09) | \$25,000,000 | \$0 | \$0 | \$0 | \$0 |
| TOTAL Revenues | \$25,000,000 | \$1,100,000 | \$1,120,000 | \$1,150,000 | \$1,170,000 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | | |
| State Special Revenue (02) | (\$25,000,000) | \$0 | \$0 | \$0 | \$0 |
| General Fund (01) | \$0 | \$1,100,000 | \$1,120,000 | \$1,150,000 | \$1,170,000 |
| Other | \$0 | \$0 | \$0 | \$0 | \$0 |
| Permanent Trust (09) | \$25,000,000 | \$0 | \$0 | \$0 | \$0 |



Sponsor's Initials

 4-8-25
Date



Budget Director's Initials

 4/7/2025
Date