



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0919.02 (001): Authorize transfers and other necessary measure to implement HB 2 section A**

Primary Sponsor: Ken Walsh 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>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Expenditures				
General Fund (01)	\$88,878	\$88,878	\$90,211	\$91,264
State Special Revenue (02)	\$0	\$0	\$0	\$0
Other	(\$88,878)	(\$88,878)	(\$90,211)	(\$91,264)
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
General Fund - BOI	\$1,430,356	\$2,430,356	\$2,430,356	\$2,430,356
General Fund - SWCAP	\$0	\$0	\$88,878	\$88,878
State Special Revenue (02)	\$860,326	\$860,326	\$860,326	\$860,326
Other	\$1,547,318	\$1,547,318	\$1,547,318	\$1,547,318
Net Impact	<u>\$1,341,478</u>	<u>\$2,341,478</u>	<u>\$2,429,023</u>	<u>\$2,427,970</u>
General Fund Balance				

Description of fiscal impact

HB 919, as amended, provides \$250,000 from the lodging facilities use tax to fund the HB 2 appropriations each year of the 2027 Biennium for projects in Helena and in Virginia City. HB 919 also designates the Board of Investments (BOI) as a fiduciary fund type rather than a proprietary fund type subject to the provisions of Title 17, Parts 5 and 6.

FISCAL ANALYSIS

Assumptions

Department of Commerce

1. The bill provides funding to support HB 2 appropriations for projects in Reeder's Alley in Helena, and the Grace Methodist Church in Virginia City.
2. The Montana Heritage Commission would utilize the funding for Reeder's Alley by repairing damage caused by water infiltration from the hillside, including re-pointing and resetting stone and brick masonry and reinforcing crumbling foundation walls. Funding will also be used to replace deteriorated paver bricks and expanding on the existing drainage system to divert water away from the structures to prevent further erosion, ice damage and settlement issues. Further work will be done by shoring up weakened walls, repairing cracks, and replacing deteriorated materials to ensure safety and longevity.

3. The funding for Grace Methodist Church would be used for completing the replacement of the roof and repairing the interior ceiling surface. Funding will address foundational issues, hillside drainage, restore the damaged front stairs and repair stucco walls to stabilize the building. Further work will be done by installing new heating, repairing flooring, refurbishing doors, and modernizing plumbing and electrical systems for future use as a concession and community venue.
4. The allocations to the rest of the Department of Commerce will not be materially affected as a result of the lodging tax transfer for this bill.

Board of Investments (BOI)

5. The bill designates BOI as a fiduciary fund type rather than a proprietary fund type subject to the provisions of Title 17, Parts 5 and 6. This would allow BOI to use other revenues to fund its operations, reducing charges to participants.
6. The bill would create a new fiduciary fund type for the operations of the BOI and eliminate a proprietary fund type. In FY 2024, 137 funds were created in SABHRS.
7. BOI has identified approximately \$3,838,000 in FY 2026 and \$4,838,000 in FY 2027 and beyond in ongoing offsets that would not be charged to participants. This would increase revenues to the state general fund, state special revenue accounts, trust funds, Montana State Fund, Montana University System, MPERA, TRS, and all participating local governments proportional to their holdings.
8. The move would also eliminate the need for 60-day working capital held at BOI. There would be a gain of investment income by participants dependent on their pool participation (Consolidated Asset Pension Pool, Trust Funds Investment Pool, Short Term Investment Pool, or Separately Managed Accounts) for remaining fully invested funds that is not reflected in the fiscal analysis.
9. BOI is required to have all financial statements prepared for the Unified Investment Program complete by October 1 of each year for inclusion in the State of Montana's Annual Comprehensive Financial Report (ACFR). For FY 2026, BOI would submit the UIP financial statements to the pertinent agencies by September 25, 2026 and would include the Note Disclosure for Note 1 - Summary of Significant Accounting Policies and Note 2 - Other Accounting Changes for use by State Financial Services Division. These changes would only take place once.
10. The following savings, which would be additional revenue to participants, would be realized with passage of HB 919 in FY 2026 based on investment holdings as of April 7, 2025; general fund; \$1,430,355.73 in FY 2026 and \$2,430,355.73 in FY 2027 and beyond, state special revenue and trust accounts; \$860,325.79, other funds (including the Montana University System, Montana State Fund, MPERA, and TRS); \$1,091,501.79; and local governments - \$455,816.69.

Department of Administration

11. There is 1.00 FTE in the Treasury Unit currently funded with the proprietary fund that has been transferred to the general fund in HB2, contingent upon passage and approval of HB 919. This position will be cost-recovered through the Statewide Cost Allocation Plan (SWCAP) [2 years in arrears].
12. The research for ACFR configuration is estimated at 80 hours and SWCAP is estimated at 25 hours which will be primarily be completed with existing staff incurring compensatory time or minimally using consulting services.

Fiscal Analysis Table

	<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>
<u>Fiscal Impact</u>				
<u>Expenditures</u>				
<u>Funding of Expenditures</u>				
General Fund (01)	\$88,878	\$88,878	\$90,211	\$91,264
Other	(\$88,878)	(\$88,878)	(\$90,211)	(\$91,264)
TOTAL Funding of Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues</u>				
General Fund - BOI	\$1,430,356	\$2,430,356	\$2,430,356	\$2,430,356
General Fund - SWCAP	\$0	\$0	\$88,878	\$88,878
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$860,326	\$860,326	\$860,326	\$860,326
Other	\$1,547,318	\$1,547,318	\$1,547,318	\$1,547,318
TOTAL Revenues	<u>\$3,838,000</u>	<u>\$4,838,000</u>	<u>\$4,926,878</u>	<u>\$4,926,878</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$88,878)	(\$88,878)	(\$90,211)	(\$91,264)
Other	\$1,636,196	\$1,636,196	\$1,637,529	\$1,638,582
General Fund - BOI	\$1,430,356	\$2,430,356	\$2,430,356	\$2,430,356
General Fund - SWCAP	\$0	\$0	\$88,878	\$88,878
State Special Revenue (02)	\$860,326	\$860,326	\$860,326	\$860,326

Effect on County or Other Local Revenues or Expenditures

1. With passage of HB 919, BOI would fund the internal operations of the Short Term Investment Pool (STIP) without charge to participants. This would increase yield to participating local governments by \$455,816.69 per year based on their April 7, 2025 percent of the STIP portfolio.

Kenneth M. Walker 4/9/2025
Sponsor's Initials Date

RD
Budget Director's Initials

4/8/2025
Date