



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0171: Transfer a portion of ending fund balance into the coal trust fund**

Primary Sponsor: **Dave Fern**

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)	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$0	\$0	\$0	\$0
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Description of fiscal impact

SB 171 amends 17-7-130(7)(c), MCA, to direct a portion of excess general fund revenue to the coal severance tax trust permanent fund by way of lessening the amount returned to the general fund when both the budget stabilization reserve fund and the capital development account are filled to their statutory caps. Excess revenue projections through FY 2029 do not result in any excess revenue getting to the point where it would be split between the general fund and coal severance tax trust permanent fund, so there is no fiscal impact to the state.

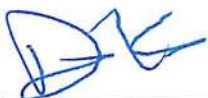
FISCAL ANALYSIS

Assumptions

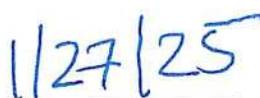
Office of Budget and Program Planning

1. Excess general fund revenue occurs when general fund revenue for a fiscal year exceeds "adjusted compound annual growth rate revenue" as defined in 17-7-130(8)(a), MCA.
2. The statutory caps on the budget stabilization reserve fund and the capital development long-range building account are calculated as a percent of general revenue appropriations, which is defined in 17-7-102(9), MCA. The general revenue appropriation figure for a biennium is equal to second-year general fund appropriations plus appropriations from the school equalization and property tax reduction state special revenue account.
3. Current law states that when there is excess general fund revenue, 25% is retained in the general fund and 75% is distributed as follows:
 - a. First, to the budget stabilization reserve fund until the balance reaches 16% of general revenue appropriations, then:

- b. To the capital development long-range building account until the unencumbered balance reaches 12% of general revenue appropriations, then:
 - c. Any remaining excess revenue distributed 75% to the pension state special revenue account and 25% back to the general fund.
4. SB 171 changes how excess revenue is distributed if there is overflow from the budget stabilization reserve fund and capital development account (part c of assumption 3 above). If this occurs, then 75% still goes to the pension state special revenue account, but instead of the other 25% going back to the general fund, 15% goes to the general fund and 10% goes to the coal severance tax trust permanent fund.
 5. The effect of SB 171, in a year with excess revenue beyond what can be absorbed by the budget stabilization reserve fund and the capital development account, will be to reduce general fund revenue to the benefit of the coal severance tax trust permanent fund.
 6. General fund appropriations for the 2027 biennium are taken from the executive budget. Estimated general fund appropriations for the 2029 biennium are assumed to grow by 3% from the 2027 biennium.
 7. Estimates of general fund revenue are from the HJ 2 revenue estimate.
 8. Appropriations from the school equalization and property tax reduction account are assumed to equal projected revenue into the account. These projections are also taken from the HJ 2 revenue estimate.
 9. Analysis of general fund revenue and general revenue appropriation estimates for the FY 2025 – FY 2029 period do not result in a scenario where excess revenue will be available to transfer to the coal severance permanent fund; therefore, there is not fiscal impact to the state from SB 171.



Sponsor's Initials



Date



Budget Director's Initials

1/27/2025

Date