



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0165: Revise business laws relating to snowmobile rental and trail maintenance**

Primary Sponsor: **Barry Usher**

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				
State Special Revenue (02)	\$380,835	\$380,835	\$380,835	\$380,835
Revenues				
State Special Revenue (02)	\$380,835	\$380,835	\$380,835	\$380,835
Net Impact	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
General Fund Balance	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>	<u><u></u></u>

Description of fiscal impact

SB 165 establishes a \$5 trail enhancement rental fee which must be paid each time snowmobile or motorized equipment allowed by a snowmobile area operator is rented.

FISCAL ANALYSIS

Assumptions

Department of Fish, Wildlife, and Parks

1. SB 165 creates a \$5 rental fee for snowmobiles and other motorized equipment allowed by a snowmobile area.
2. The Department of Fish, Wildlife and Parks (FWP) does not currently collect data regarding how many snowmobiles or other motorized equipment rentals occur. For the purposes of this fiscal note, FWP will be using information from two studies: a 2013 study conducted by the Bureau of Business and Economic Research (BBER) titled "Montana Recreational Snowmobiles: Fuel-Use and Spending Patterns 2013" and a 2023 study conducted by the University of Montana's Institute for Tourism and Recreation Research (ITRR) titled "Snowmobile Recreation in Western Montana".
3. The BBER study estimates there are up to 100,000 residents who snowmobile for an average of 12 days per winter season, totaling 1.2 million "activity days" (or 100,000 residents x 12 days/season = 1.2 million activity days).
4. The BBER estimates there were a total of 97,000 activity days in the 2013/2014 winter season, and trips averaged a total of 6 days, but does not provide data regarding how many of these nonresidents rent a snowmobile. Therefore, FWP assumes that, at most, all nonresidents rented a snowmobile, for a total of 16,167 rentals during the 2013/2014 season (or 97,000 activity days ÷ 6 days/trip = 16,166.67, rounded up to 16,167 trips).
5. SB 165 states that a \$5 fee will need to be paid each time a snowmobile or motorized equipment is rented.

Therefore, it is estimated that each trip would result in 1 rental transaction, so the total revenue generated from nonresident rentals would be \$80,835 (or 16,167 rentals X \$5 rental fee)

6. The ITRR study estimates 95% of snowmobilers own their own snowmobile. Based on the estimate of 100,000 resident snowmobilers from the BBER, FWP assumes 5,000 residents snowmobile do not own their own snowmobile and will rent a snowmobile each trip. Using the BBER study's estimate that residents snowmobile for an average of 12 days per winter season, FWP assumes the 5,000 residents who do not own a snowmobile will rent a snowmobile each trip. Without any data regarding the average number of days per trip, FWP assumes each activity day is 1 trip, knowing this will be a high estimate. Therefore, FWP assumes the rental fee collected from residents will equal \$300,000 (or 5,000 residents who do not own a snowmobile x 12 trips/season x \$5 rental fee/trip = \$300,000).
7. FWP does not have any data to support an estimate of the fiscal impact for rentals of motorized equipment other than snowmobiles (i.e. motorized snow bikes or fat tire pedal bikes).
8. SB 165 does not specify if the business renting the snowmobile or motorized equipment is responsible for paying the \$5 fee or if the person renting the equipment is responsible for paying. The existing winter trail passes are available for an individual to purchase on the FWP online licensing system. To implement SB 165, FWP would add the \$5 trail enhancement rental fee to the online licensing system for the renter to pay. Adding this fee to the online licensing system for an individual to purchase would have no fiscal impact.
9. The total estimated revenue from the \$5 rental fee is \$380,835. Of this revenue, 2%, or \$7,616.70, will be used for the operation of the trail grooming program per SB 165. The remaining \$373,218.30 must be distributed to entities that groom and maintain trails in areas in which snowmobile or motorized vehicle rental entities operate. SB 165 does not specify how these funds shall be distributed. FWP would add these funds to the existing snowmobile grant program.

Fiscal Analysis Table

Department of Fish, Wildlife, and Parks				
	<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>				
Operating Expenses	\$7,617	\$7,617	\$7,617	\$7,617
Grants	\$373,218	\$373,218	\$373,218	\$373,218
TOTAL Expenditures	\$380,835	\$380,835	\$380,835	\$380,835
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$380,835	\$380,835	\$380,835	\$380,835
TOTAL Funding of Expenditures	\$380,835	\$380,835	\$380,835	\$380,835
<u>Revenues</u>				
State Special Revenue (02)	\$380,835	\$380,835	\$380,835	\$380,835
TOTAL Revenues	\$380,835	\$380,835	\$380,835	\$380,835
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Concerns

Department of Fish, Wildlife, and Parks

1. If the intent of SB 165 is for the business to submit the \$5 payment, then there would be an added cost to make necessary updates to the online licensing system.
2. If the intent of SB 165 is for the rental fee revenue to be distributed through a new process outside of the existing snowmobile grant program, then there would be added program costs to set up an additional grant process.



Sponsor's Initials

1/23/25

Date



Budget Director's Initials

1/23/2025

Date