



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: SB0104: Expanding access to low-cost capital to certain eligible projects and entities

Primary Sponsor: Gayle Lammers 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</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
Other	\$15,000	\$15,000	\$156,924	\$155,854
Revenues				
General Fund (01)	\$178,800	\$60,000	\$90,000	\$60,000
Other	\$472,500	\$299,310	\$429,686	\$371,375
Net Impact	<u>\$178,800</u>	<u>\$60,000</u>	<u>\$90,000</u>	<u>\$60,000</u>
General Fund Balance				

Description of fiscal impact

SB 104 would increase the bond issuance cap imposed under 90-7-302(1), MCA, and add 501(c)(3) entities to those eligible for the Montana Facility Finance Authority (MFFA) services, including conduit bonds.

FISCAL ANALYSIS

Assumptions

1. Under current law, 90-7-302(1), MCA, limits new money issuances to \$500 million per biennium. Once the cap is reached no new bonds can be issued.
2. MFFA expects issuance demand to approach \$1.3 billion over the next few years.
3. Fee projections beyond the initial few years are difficult to make as the bond issuances that drive the fees are dependent on market conditions such as interest rates, inflation, cost of labor. However, there is immediate demand for an increased cap which will result in a significant increase in fee revenue once bonds are issued.
4. MFFA charges application fees based on a sliding scale determined by the amount of the issuance. MFFA anticipates increasing the cap will result in \$927,500 in additional application fees over the next two biennia.
5. Annual fees are generally 5 basis points (0.05% or 50 cents for every thousand) of the outstanding balance capped at \$75,000. Annual fees on any given issuance will decline as the balance is paid down. MFFA estimates an increase in bond cap will result in \$645,371 in additional annual fees over the next two biennium.

6. Under 17-5-2201, MCA, the state levies a charge of 3 basis points (0.03% or 30 cents for every thousand) on every new bond issuance (re-financings are excluded). These charges are deposited into the general fund for the purpose of "funding a portion of the annual comprehensive financial report audit." MFFA estimates an additional \$388,800 would be deposited into the general fund because of increased bond issuances.
 - a. For the purposes of this fiscal note, it is assumed that the existing pipeline of \$1.3 billion will be fully financed over the next biennium, and corresponding fees collected according to the table below.
7. The additional application and annual fees would be used to offset administration costs and feed the existing revolving loan programs used by the MFFA to support nonprofit healthcare facilities.
8. While there is potential for much larger projects (in excess of \$100M each), which would generate more revenue, the timing and size of the projects are not predictable.
9. Training and education in underwriting for projects not related to medical nonprofits would be required by the board and MFFA staff. For the purposes of this fiscal note, it is estimated that training and education as well as structuring and marketing of the new program would cost \$15,000 in FY 2026 and FY 2027.
10. Depending on program demand, an additional 1.0 FTE may be needed in the 2029 biennium to handle the new project load. The additional FTE would be paid from the fees generated by the additional issuances.

	FY 2026	FY 2027	FY 2028	FY 2029
Additional Conduit Bonds Issued	\$ 596,000,000	\$ 200,000,000	\$ 300,000,000	\$ 200,000,000
Application Fees	\$ 472,500	\$ 130,000	\$ 195,000	\$ 130,000
Annual Fees	\$ -	\$ 169,310	\$ 234,686	\$ 241,375
State Fees (General Fund)	\$ 178,800	\$ 60,000	\$ 90,000	\$ 60,000
Total Fee Revenue	\$ 651,300	\$ 359,310	\$ 519,686	\$ 431,375

Fiscal Analysis Table

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<u>Fiscal Impact</u>				
FTE	0.00	0.00	1.00	1.00
TOTAL Fiscal Impact	0.00	0.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$0	\$0	\$123,967	\$125,827
Operating Expenses	\$15,000	\$15,000	\$32,957	\$30,027
TOTAL Expenditures	\$15,000	\$15,000	\$156,924	\$155,854
<u>Funding of Expenditures</u>				
Other	\$15,000	\$15,000	\$156,924	\$155,854
TOTAL Funding of Expenditures	\$15,000	\$15,000	\$156,924	\$155,854
<u>Revenues</u>				
General Fund (01)	\$178,800	\$60,000	\$90,000	\$60,000
Other	\$472,500	\$299,310	\$429,686	\$371,375
TOTAL Revenues	\$651,300	\$359,310	\$519,686	\$431,375
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
Other	\$457,500	\$284,310	\$272,762	\$215,521
General Fund (01)	\$178,800	\$60,000	\$90,000	\$60,000



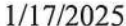
Sponsor's Initials



Date



Budget Director's Initials



Date