



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: **HB0034: Revise law to establish permanent disaster resilience fund**

Primary Sponsor: **Larry Brewster**

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**

	<b><u>FY 2025</u></b>	<b><u>FY 2026</u></b>	<b><u>FY 2027</u></b>	<b><u>FY 2028</u></b>	<b><u>FY 2029</u></b>
	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>	<b><u>Difference</u></b>
<b>Expenditures</b>					
General Fund (01)	\$50,000,000	(\$4,000,000)	\$46,000,000	\$0	\$0
State Special Revenue (02)	\$0	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Federal Special Revenue (03)	\$0	\$45,000,000	\$45,000,000	\$45,000,000	\$45,000,000
<b>Revenues</b>					
General Fund (01)	\$0	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$50,000,000	\$0	\$50,000,000	\$0	\$0
Federal Special Revenue (03)	\$0	\$45,000,000	\$45,000,000	\$45,000,000	\$45,000,000
<b>Net Impact</b>	<b><u>(\$50,000,000)</u></b>	<b><u>\$4,000,000</u></b>	<b><u>(\$46,000,000)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>General Fund Balance</b>					

### **Description of fiscal impact**

HB 34 establishes a permanent local disaster resiliency fund and increases the statutory appropriation from \$4 million per year to up to \$15 million per year beginning July 1, 2025. Funding would be used for state and local mitigation projects that reduce or eliminate long-term risk to people and property from future natural disasters.

### **FISCAL ANALYSIS**

#### **Assumptions**

1. The Department of Military Affairs (DMA), Disaster and Emergency Services (DES) division administers disaster mitigation programs for the state of Montana including federal grant programs.
2. This bill replaces the \$4 million per year transfer to DMA in FY 2026 and FY 2027 established in HB 424 in the 2023 session.
3. This bill transfers \$50 million from the general fund to the department's state special revenue fund in FY 2025 and FY 2027.
4. Disaster mitigation projects average a 6:1 cost benefit, meaning that for every dollar invested in resiliency projects, six dollars will be saved over the life of the project.
5. DES would utilize this funding for construction projects that reduce or eliminate the impact of natural hazards on communities such as flood mitigation, grid hardening, fuels reduction, as well as planning, engineering, and project scoping.
6. DES will maximize and leverage federal dollars to the greatest extent possible.

7. Most grants are funded at a 75% federal funds and 25% state or local match. This funding can be utilized for the 25% non-federal cost share to alleviate the financial burden at the local level. Therefore, \$15 million in this fund would be matched with an additional \$45 million of federal funding in each fiscal year.
8. High priority projects are eligible under this funding source if federal dollars are not available or not sufficient.
9. The department assumes utilization of this funding would be 75% federal and 25% state special revenue: personal services FY 2026 \$501,976; FY 2027 \$501,976; FY 2028 \$515,062; FY 2029 \$523,059; the state mitigation plan update will begin in FY 2027 and contracted services will be approximately \$40,000 per year in FY 2027 through FY 2029; and the remaining funds would be sub-granted to eligible local jurisdictions of \$59,498,024 in FY 2026; FY 2027 \$59,458,024; FY 2028 \$59,444,938; FY 2029 \$59,436,941.

### Statutory Appropriation

17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	Yes	No
a. The money is from a continuing, reliable, and estimable source.		X
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.		X
c. The authority exists elsewhere.		X
d. An alternative appropriation method is available, practical, or effective.		X
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.		X
h. An expenditure cap and sunset date are excluded.		X

### Fiscal Analysis Table

	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<b>Fiscal Impact</b>					
<b>Expenditures</b>					
Personal Services	\$0	\$501,976	\$501,976	\$515,062	\$523,059
Operating Expenses	\$0	(\$4,000,000)	(\$4,000,000)	\$40,000	\$40,000
Transfers	\$50,000,000	\$0	\$50,000,000	\$0	\$0
Grants	\$0	\$59,498,024	\$59,498,024	\$59,444,938	\$59,436,941
<b>TOTAL Expenditures</b>	<b>\$50,000,000</b>	<b>\$56,000,000</b>	<b>\$106,000,000</b>	<b>\$60,000,000</b>	<b>\$60,000,000</b>
<b>Funding of Expenditures</b>					
General Fund (01)	\$50,000,000	(\$4,000,000)	\$46,000,000	\$0	\$0
State Special Revenue (02)	\$0	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Federal Special Revenue (03)	\$0	\$45,000,000	\$45,000,000	\$45,000,000	\$45,000,000
<b>TOTAL Funding of Expenditures</b>	<b>\$50,000,000</b>	<b>\$56,000,000</b>	<b>\$106,000,000</b>	<b>\$60,000,000</b>	<b>\$60,000,000</b>
<b>Revenues</b>					
State Special Revenue (02)	\$50,000,000	\$0	\$50,000,000	\$0	\$0
Federal Special Revenue (03)	\$0	\$45,000,000	\$45,000,000	\$45,000,000	\$45,000,000
<b>TOTAL Revenues</b>	<b>\$50,000,000</b>	<b>\$45,000,000</b>	<b>\$95,000,000</b>	<b>\$45,000,000</b>	<b>\$45,000,000</b>

**Net Impact to Fund Balance (Revenue minus Funding of Expenditures)**

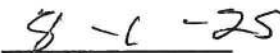
General Fund (01)	(\$50,000,000)	\$4,000,000	(\$46,000,000)	\$0	\$0
State Special Revenue (02)	\$50,000,000	(\$15,000,000)	\$35,000,000	(\$15,000,000)	(\$15,000,000)
Federal Special Revenue (03)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Technical Concerns**

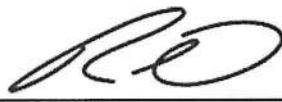
1. The department assumes this bill will establish a new state special revenue fund for disaster resiliency.



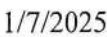
Sponsor's Initials



Date



Budget Director's Initials



Date