



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0505.01: Revise laws on Montana housing infrastructure revolving loan fund on deed restrictions, usage, and interest**

Primary Sponsor: Mike Vinton 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) | \$50,000,000 | \$50,000,000 | \$0 | \$0 |
| State Special Revenue (02) | \$57,013,538 | \$50,000,000 | \$0 | \$0 |
| Revenues | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 |
| State Special Revenue (02) | \$57,013,538 | \$50,000,000 | \$0 | \$0 |
| Net Impact | <u>(\$50,000,000)</u> | <u>(\$50,000,000)</u> | <u>\$0</u> | <u>\$0</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 505 transfers \$50 million in FY 2025 and \$50 million in FY 2026 to the Montana Housing Infrastructure Revolving Loan Fund (HOMES Account). The bill also revises density requirements for these new funds, allows the fund to keep its interest and income, and expands uses to back public infrastructure bonds issued by local governments for housing development and to finance residential ownership of mobile home parks or other multifamily housing.

FISCAL ANALYSIS

Assumptions

Montana Board of Investments

1. The HOMES Account was established in the 2023 Legislature with a one-time \$106 million deposit. These funds have been invested by the Board of Investments since that time. Investments include the Short Term Investment Pool (STIP) and deposits at Montana domiciled banks. The HOMES Account has earned \$5,106,817 in FY 2024 and \$1,906,721 in FY 2025 through January 31, 2025. Section 1 transfers this amount from the Debt and Liability Free Account to the HOMES Account. All future interest and income will be retained in the fund and used for additional eligible projects.
2. The transfers in Section 4 will be used to fund eligible infrastructure projects under the HOMES Account, including the Linked Deposit Program, at a density of at least four units per acre. Existing funds in the account will be used to fund eligible infrastructure at 10 units per acre.
3. The Board of Investments will use the total funds available in the HOMES Account to support local government bonds issued to cover the costs of "demolition or expanding water, wastewater, storm water, street, road, curb, gutter, and sidewalk infrastructure to serve new or rehabilitated residential development.

Fiscal Note Request - As Introduced*(continued)*

A debt ladder will be developed to match loan principal and interest payments with potential bond payments in the event of default. Currently, local governments use their revolving fund to do so, which in the event of default, shifts payments to other taxpayers in the jurisdiction.

4. A minimum of a 10% reserve will be established for each bond.
5. Up to \$206 million in bonds could be supported while simultaneously being used to reduce developer borrowing costs. If the available balance of the fund is used to support bonds, at least an additional \$20.6 million will be leveraged from the reserve funds. The total resulting economic impact will be \$432.6 million for affordable housing development.
6. The Board of Investments will issue loans to eligible cooperatives and tenants to facilitate purchases of mobile home parks and other multifamily housing through its existing Commercial and Municipal Loan Programs.

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> | | | | |
| <u>Expenditures</u> | | | | |
| Operating Expenses | \$57,013,538 | \$50,000,000 | \$0 | \$0 |
| Transfers | \$50,000,000 | \$50,000,000 | \$0 | \$0 |
| TOTAL Expenditures | <u>\$107,013,538</u> | <u>\$100,000,000</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Funding of Expenditures</u> | | | | |
| General Fund (01) | \$50,000,000 | \$50,000,000 | \$0 | \$0 |
| State Special Revenue (02) | \$57,013,538 | \$50,000,000 | \$0 | \$0 |
| TOTAL Funding of Expenditures | <u>\$107,013,538</u> | <u>\$100,000,000</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Revenues</u> | | | | |
| State Special Revenue (02) | \$57,013,538 | \$50,000,000 | \$0 | \$0 |
| TOTAL Revenues | <u>\$57,013,538</u> | <u>\$50,000,000</u> | <u>\$0</u> | <u>\$0</u> |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| General Fund (01) | (\$50,000,000) | (\$50,000,000) | \$0 | \$0 |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 |


 Sponsor's Initials

 2/20/25
 Date


 Budget Director's Initials

 2/20/2025
 Date