GOVERNOR'S OFFICE OF BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **SB0432.01: Generally revise utility laws**

Primary Sponsor: Daniel Zolnikov 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

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Expenditures				
State Special Revenue (02)	$28,046	$31,691	$35,812	$40,467
Federal Special Revenue (03)	$180,936	$204,458	$231,037	$261,072
Revenues				
State Special Revenue (02)	$0	$0	$0	$0
Federal Special Revenue (03)	$0	$0	$0	$0
Net Impact	$0	$0	$0	$0
General Fund Balance				

Description of fiscal impact

SB 432 revises utility relocation laws, which will increase the cost to the Department of Transportation for utility relocations within the public right of way for private entity companies.

FISCAL ANALYSIS

Assumptions

Department of Transportation

1. SB 432 changes the definition of "utility" to include cable and broadband service providers for utility relocations.
2. Relocation would apply to existing facilities impacted by a highway project.
3. Relocation assistance would be required to be paid to private companies, in addition to public utility companies which currently receive relocation assistance. This will increase the overall costs of MDT construction projects.
4. The Montana Department of Transportation (MDT) does not participate in the relocation of cable service and broadband facilities if they are impacted by an MDT project. This allows these providers to relocate their facilities without being Build America, Buy America (BABA) compliant.
5. Assuming broadband relocation is BABA compliant, federal funds are assumed to cover relocation costs at 86.58%.
6. If BABA compliance cannot be attested the entire construction project would be required to be state funded, the impact of this cannot be determined, as MDT does not know which utility providers will be BABA compliant.
7. Currently 40.95% (or $1,607,550 per year) of MDT utility relocations are related to telecommunications. SB 432 would increase that percentage.

8. Broadband growth percentage for Montana is assumed at 13% based upon the North America annual growth rate projected for 2025 – 2030.
9. There is limited space for public utilities within the right or way and space is allocated upon availability.
10. Relocation costs related to telecommunications are assumed to increase by 13% each year. Total costs would be $1,816,531 in FY 2026 (an increase of $208,982), $2,052,680 in FY 2027 (an increase of $236,149), $2,319,529 in FY 2028 (an increase of $266,849), and $2,621,068 (an increase of $301,539) in FY 2029.

Fiscal Analysis Table

Department of Transportation

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
Expenditures				
Operating Expenses	$208,982	$236,149	$266,849	$301,539
TOTAL Expenditures	**$208,982**	**$236,149**	**$266,849**	**$301,539**
Funding of Expenditures				
State Special Revenue (02)	$28,046	$31,691	$35,812	$40,467
Federal Special Revenue (03)	$180,936	$204,458	$231,037	$261,072
TOTAL Funding of Expenditures	**$208,982**	**$236,149**	**$266,849**	**$301,539**
Revenues				
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
State Special Revenue (02)	($28,046)	($31,691)	($35,812)	($40,467)
Federal Special Revenue (03)	($180,936)	($204,458)	($231,037)	($261,072)

Technical Concerns

Department of Transportation

1. Updates would be required to the Administrative Rules of Montana (ARM) 18.7.206 due to conflict with ARM 18.7.202 which defines public utilities and how private utilities may occupy the right of way.

NO SPONSOR SIGNATURE 3/3

Sponsor's Initials Date

Budget Director's Initials 3/3/2025

Date