



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0924.02 (006): Generally revise state finance laws**

Primary Sponsor: Llew Jones Status: As Amended in House Committee

Retirement Systems Affected ☒ Teachers ☒ Public Employees ☐ Highway Patrol ☐ Police
☐ Sheriffs ☐ Firefighters ☐ Volunteer Firefighters ☐ Game Wardens ☐ Judges

Has this legislation been reviewed by the legislative interim committee? **No**
Has the cost of this legislation been calculated by the system's actuary? **Yes**
Does this legislation include full funding for any benefit revisions? **Yes**

Pension Liability

Governor's Office

	July 1, 2024 Current System	July 1, 2024 With Changes	Increase/ (Decrease)
Teachers			
Present Value of Actuarial Accrued Liability	\$0	\$0	\$0
Present Value of Actuarial Assets	\$0	\$0	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$0	\$0	\$0
Amortization Period (years) of UAAL	0.00	0.00	0.00
Change in normal costs	0.00%	0.00%	0.00%

Pension Contribution Rates

	FY 2025 July 1, 2024	FY 2026 July 1, 2025	FY 2027 July 1, 2026	FY 2028 July 1, 2027	FY 2029 July 1, 2028
Teachers					
Employee Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
Employer Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%

Pension Liability

Public Employees Retirement Board

	July 1, 2024 Current System	July 1, 2024 With Changes	Increase/ (Decrease)
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Public Employees

Present Value of Actuarial Accrued Liability	\$9,695,548,065	\$9,695,548,065	\$0
Present Value of Actuarial Assets	\$7,341,304,639	\$7,341,304,639	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$2,354,243,426	\$2,354,243,426	\$0
Amortization Period (years) of UAAL	27.00	22.00	-5.00
Change in normal costs	9.83%	9.83%	0.00%

Pension Contribution Rates

	FY 2025 July 1, 2024	FY 2026 July 1, 2025	FY 2027 July 1, 2026	FY 2028 July 1, 2027	FY 2029 July 1, 2028
Public Employees					
Employee Contribution Rate	7.90%	7.90%	7.90%	7.90%	7.90%
Employer Contribution Rate	9.17%	9.17%	9.17%	9.37%	9.57%
State Contribution Rate	0.00%	0.00%	0.00%	0.00%	0.00%
TOTAL Contribution Rate	17.07%	17.07%	17.07%	17.27%	17.47%

Pension Liability**Teachers Retirement Board**

	July 1, 2024 Current System	July 1, 2024 With Changes	Increase/ (Decrease)
Teachers			
Present Value of Actuarial Accrued Liability	\$7,025,625,000	\$7,025,625,000	\$0
Present Value of Actuarial Assets	\$5,217,233,000	\$5,217,233,000	\$0
Unfunded Actuarial Accrued Liability (UAAL)	\$1,808,392,000	\$1,808,392,000	\$0
Amortization Period (years) of UAAL	21.00	19.00	-2.00
Change in normal costs	10.76%	10.76%	0.00%

Pension Contribution Rates

	FY 2025 July 1, 2024	FY 2026 July 1, 2025	FY 2027 July 1, 2026	FY 2028 July 1, 2027	FY 2029 July 1, 2028
Teachers					
Employee Contribution Rate	8.15%	8.15%	8.15%	8.15%	8.15%
Employer Contribution Rate	9.47%	9.47%	9.47%	9.67%	9.87%
State Contribution Rate	2.49%	2.49%	2.49%	2.49%	2.49%
TOTAL Contribution Rate	20.11%	20.11%	20.11%	20.31%	20.51%

FISCAL SUMMARY

	FY 2026 <u>Difference</u>	FY 2027 <u>Difference</u>	FY 2028 <u>Difference</u>	FY 2029 <u>Difference</u>
Expenditures				

Fiscal Note Request - As Amended in House Committee*(continued)*

General Fund (01)	\$1,084,000,000	\$165,470,000	\$156,226,423	\$152,259,235
State Special Revenue (02)	\$152,240,000	\$41,160,000	\$37,708,568	\$40,020,139
Federal Special Revenue (03)	\$45,000,000	\$45,000,000	\$45,344,965	\$45,712,353
Other	\$0	\$0	\$0	\$0
Cities	\$0	\$0	\$525,653	\$1,085,473
Consolidated Governments	\$0	\$0	\$61,276	\$126,536
Counties	\$0	\$0	\$916,396	\$1,892,358
MUS Tuition/Restricted	\$0	\$0	\$25,682	\$50,333
Proprietary	\$0	\$0	\$235,768	\$486,861
School Districts	\$0	\$0	\$1,496,183	\$3,089,617
Schools	\$0	\$0	\$437,321	\$903,068
Universities	\$0	\$0	\$351,777	\$726,420

Revenues

General Fund (01)	\$1,960,000	\$2,090,000	\$2,230,000	\$2,320,000
State Special Revenue (02)	\$116,940,000	\$30,450,000	\$34,310,000	\$38,280,000
Federal Special Revenue (03)	\$45,000,000	\$45,000,000	\$45,000,000	\$45,000,000
Other	\$0	\$0	\$0	\$0
Coal Tax Permanent Fund	\$89,000,000	\$0	\$0	\$0
GO Trust - Pension	\$350,000,000	\$52,415,000	\$51,729,000	\$52,390,000
GO Trust - Distribution (09)	\$548,000,000	\$0	\$0	\$0
GO Trust - Housing	\$133,000,000	\$52,415,000	\$51,729,000	\$52,390,000
PERS Trust	\$0	\$0	\$4,051,886	\$8,367,146
TRS Trust Fund	\$0	\$0	\$1,496,183	\$3,089,617

Net Impact**General Fund Balance**

<u>(\$1,082,040,000)</u>	<u>(\$163,380,000)</u>	<u>(\$153,996,423)</u>	<u>(\$149,939,235)</u>
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Description of fiscal impact

HB 924, as amended, revises state finance laws. It creates a new trust within the permanent fund type referred to as the Montana growth and opportunity trust. The trust consists of two portions, a distribution portion and a reinvestment portion. The reinvestment portion is comprised of a pension fund and a housing fund. One half of the interest earnings from the trust are distributed to various state special revenue accounts while the other half is reinvested equally into the pension and housing funds. The trust receives transfers from the general fund in FYs 2025 - 2027, and transfers of volatile revenue beginning in FY 2028 and beyond. HB 924 increases the employer's supplemental contributions to the Teachers' Retirement System (TRS) and Public Employees' Retirement System (PERS) by 0.20% each year for ten years, for a total increase of 2.00% for each retirement system. The pension fund will allow a limited transfer to the TRS and PERS if the long-term rate of return assumption is lower than the inception-to-date market rate over the prior two consecutive fiscal years. Housing loans currently administered with coal tax permanent funds will be moved to the housing fund within the growth and opportunity trust. This will allow the coal tax permanent fund to realize a higher yield to the benefit of the general fund. The bill provides appropriations for the various state special revenue accounts that will receive deposits from the distributable portion of growth and opportunity trust interest earnings.

FISCAL ANALYSIS**Assumptions****Public Employees Retirement Board**

1. HB 924 provides for a \$300 million transfer in FY 2025 and a \$50 million transfer in FY 2026 from the general fund into the pension fund within the growth and opportunity trust.
2. Upon certification from the Montana Public Employee Retirement Administration (MPERA) board, the state treasurer shall transfer no more than 25% of the balance of the pension state special revenue account to ensure that the system meets its long-term rate of return assumption if the inception-to-date market rate as of

June 30 in the previous two consecutive fiscal years is less than the current actuarially assumed rate of return set by MPERA.

- a. The amount of transfer authorized is limited to the amount necessary to bring the inception-to-date market rate of return as of June 30 in the previous fiscal year up to the actuarially assumed rate of return set by MPERA.
 - b. The MPERA board shall certify to the state treasurer the amount of the transfer required under this section.
3. Beginning July 1, 2027 through June 30, 2037, each employer's contribution rate will increase by 0.20% each fiscal year until the total employer contribution rates is equal to 2.00%.
 4. HB 924 has no impact on benefits provided of the system, however it would provide an additional source to finance the System's unfunded actuarial accrued liability.
 5. The numbers presented in this fiscal note assume all actuarial assumptions will be realized, including the investment return assumption of 7.30%. If all assumptions are not met, the financial impact would change.
 6. Salary projections are based on the actuarial assumed payroll growth assumption of 3.25%.

Teachers Retirement Board

7. HB 924 has no impact on the benefits provided of TRS.
8. Beginning July 1, 2027, through June 30, 2037, the employer's contribution rate will increase by 0.20% each fiscal year until the total employer contribution rate is equal to 13.96% of member compensation for a total increase of 2.00%.
9. The current statutory funding rate amortizes the unfunded actuarial accrued liability within 21 years. The impact of the proposed increase in contributions reduces the amortization period of the unfunded actuarial accrued liability to 19 years.
10. Up to 25% of the balance of the pension fund would be available to offset market losses for TRS if the TRS Board certifies the long-term inception-to-date market rate of return as of June 30 in two consecutive fiscal years is less than the actuarial assumed rate of return at that time.
11. The current inception-to-date market rate of return, as of December 31, 2024 is 7.77%. The current assumed rate of return is 7.30%. Based on the valuation assumptions that the market rate of return each year is 7.30%, the inception-to-date return is not expected to drop below the 7.30% assumed rate, so no transfer of funds from the pension fund is projected to occur in the forecast period.
12. Salary data for state agencies and MUS participants in TRS is from IBARS and is based on present law. Salary data for K-12 participating employees is based on actual salaries reported to TRS for FY 2024.
13. The increase in the TRS employer contribution rate is estimated to be funded as follows:
 - a. State agencies 70.2% state general fund, 0.7% state special revenue, 29.1% federal special revenue.
 - b. K-12 employers 28% state general fund, 72% school district retirement fund.
14. Approximately 95% of the TRS covered payroll for the MUS is funded with current unrestricted funds. The state portion of the current unrestricted fund is 48% general fund with the remainder coming from tuition and other sources.
15. 50.8% of the Community College covered payroll is funded with state general fund and the remaining 49.2% of Community College covered payroll is covered by tuition and other sources.
16. Salary increases of 3.25% are assumed for future years.
17. The impact presented in this fiscal note assumes that this bill is the only amendment being considered. If other changes are also adopted, the fiscal impact associated with this bill could be different.
18. All calculations are based on the July 1, 2024 actuarial valuation.

Executive Agencies

19. Section 1 of the bill establishes the Montana growth and opportunity trust. The trust is within the permanent fund type and receives transfers of volatile revenue, which is defined in section 4. The trust consists of two components, referred to as the distribution portion and the reinvestment portion. Each fiscal year, volatile revenue is split evenly between the distribution portion and the reinvestment portion of the trust. These transfers happen in two payments, one in November and one in May.
20. The balance of the growth and opportunity trust earns interest for distribution and reinvestment.

21. Section 2 provides that half of interest earnings from the trust are to be distributed equally to five state special revenue accounts. Every year, each account receives 20% of distributable interest earnings, up to a maximum of \$15 million. For each account to reach its maximum allocation, \$75 million in distributable interest earnings is needed. If total distributable earnings are more than \$75 million, the difference is retained in the trust.
22. Section 3 instructs that half of interest earnings from the trust are to be reinvested, with 50% being deposited into the pension fund and 50% deposited into the Montana housing infrastructure revolving loan fund. Both funds sit under the umbrella of the reinvestment portion of the trust. Transfers into the reinvestment portion of the trust are distributed in the same manner. Both the pension fund and housing fund are capped at \$750 million.
23. Section 4 defines volatile revenue. It specifies that, in total, half of the amount is to be deposited into the growth and opportunity trust and distributed as laid out in section 1, with one-fourth being deposited in November and on-fourth being deposited in May.
24. Volatile revenue is made up of three components: treasury cash account interest earnings, tax revenue from capital gains income, and tax revenue from rent, royalty, and partnership income. The volatile revenue component of each of these sources is calculated as the difference between the current year revenue estimate in HJ 2 and the minimum level over the past 10-year period of available data.
25. Transfers of volatile revenue begin in FY 2028. The table below summarizes the volatile revenue transfers for FY 2028 and FY 2029.

HB 924 - Transfer of Volatile Revenue		
	FY 2028	FY 2029
TCA Volatile Revenue	\$35.927	\$26.683
Capital Gains Volatile Revenue	\$33.398	\$37.768
Partnership Volatile Revenue	\$85.631	\$85.187
Total Volatile Revenue	\$154.956	\$149.638
Transfer of Volatile Revenue to:		
GO Trust - Distribution Portion	\$77.48	\$74.82
GO Trust - Reinvestment Portion	\$77.48	\$74.82
<i>Pension Fund</i>	<i>\$38.74</i>	<i>\$37.41</i>
<i>Housing Infrastructure Fund</i>	<i>\$38.74</i>	<i>\$37.41</i>

26. Sections 5-11 amend property tax law to allow for property tax assistance payments for primary residences, which are provided for in sections 32 - 35. The assistance payments will be funded with trust interest earnings deposited into the newly created state property tax assistance account in section 13.
27. Sections 13 - 16 establish four new state special revenue accounts, each of which is seeded with a general fund transfer in FY 2025 (section 39). These accounts will receive a portion of interest earnings that are distributed from the growth and opportunity trust. The new state special revenue accounts created include a state property tax assistance account, a Montana water development account, a better local bridge account, and a Montana early childhood account. These accounts, along with the Montana local disaster resiliency account (section 24), are each allocated 20% of distributable interest earnings in a year, not to exceed \$15 million. Distributable interest earnings are equal to half of the total interest earnings generated from the balance of the growth and opportunity trust. See the table below for a breakdown of these estimated distributions for FY 2026 - FY 2029.

Growth & Opportunity Trust Distribution of Interest Earnings				
	FY 2026	FY 2027	FY 2028	FY 2029
Total Distributable Interest Earnings	\$22.08	\$25.99	\$29.97	\$33.80
Allocations to Recipients:				
<i>MT Local Disaster Resiliency</i>	\$4.42	\$5.20	\$5.99	\$6.76
<i>State Property Tax Assistance</i>	\$4.42	\$5.20	\$5.99	\$6.76
<i>MT Water Development</i>	\$4.42	\$5.20	\$5.99	\$6.76
<i>Better Local Bridges</i>	\$4.42	\$5.20	\$5.99	\$6.76
<i>MT Early Childhood</i>	\$4.42	\$5.20	\$5.99	\$6.76

28. The state property tax assistance account is seeded with a \$10 million transfer from the general fund and will be administered by the Department of Revenue. The department will determine payment amounts at the end of each fiscal year and distribute the proper amount to counties by August 31 following the close of a fiscal year. The department is allowed to keep 2% of revenue into the account for administration costs and must retain \$100,000 for the granting of appeals.
29. Payments to counties from the property tax assistance account are projected to be \$14.03 million in FY 2027, \$5.09 million in FY 2028, and \$5.87 million in FY 2029. The amount distributed to counties for property tax relief is equal to the prior year's revenue less department administrations costs. In FY 2027, \$100,000 is retained for appeals.
30. The Montana water development account is seeded with a \$10 million transfer from the general fund and will be administered by the Department of Natural Resources and Conservation. The account will distribute its interest earnings 90% to the water storage account and 10% to the natural resource operations account within the state special revenue fund. Interest earnings to the water storage account are projected to be \$470,000 in FY 2026, \$570,000 in FY 2027, \$710,000 in FY 2028, and \$870,000 in FY 2029. This revenue will be used to support DNRC's State Water Projects Bureau in the construction, operation, rehabilitation, expansion, maintenance, and modification of state-owned water storage projects. Interest earnings to the natural resource projects account are projected to be \$50,000 in FY 2026, \$60,000 in FY 2027, \$80,000 in FY 2028, and \$100,000 in FY 2029; this revenue will be used by DNRC's CARDD division for water storage pilot project and dam inspection grants. Section 5(4) allows the natural resources projects account to retain its own interest, which will generate about \$300,000 per year in new revenue to the account to be used for funding of natural resource projects in HB 6, HB 7, and HB 8.
31. The better local bridge account is seeded with a \$50 million transfer from the general fund and will be administered by the department of transportation (MDT). Grants awarded to local governments for bridge projects are expected to average \$10 million per year less MDT administrative costs. Up to 5% of revenue received can be used for administrative costs, which are projected to be \$220,000 in FY 2026, \$260,000 in FY 2027, \$300,000 in FY 2028, and \$340,000 in FY 2029. Grant awards will then be \$9.78 million in FY 2026, \$9.740 million in FY 2027, \$9.70 million in FY 2028, and \$9.66 million in FY 2029. The account retains its own interest earnings, which are estimated to equal \$1.61 million in FY 2026, \$1.29 million in FY 2027, \$1.09 million in FY 2028, and \$970,000 in FY 2029.
32. The Montana early childhood account is seeded with a \$10 million transfer from the general fund and will be administered by the Department of Public Health and Human Services. All revenue into the account, net of expenses, will be awarded as grants to organizations providing early childhood services. The Department of Public Health and Human Services will need 1 FTE for the administration of the program. Personal service costs are estimated to be \$92,814 in FY 2026, \$93,122 in FY 2027, \$94,642 in FY 2028, and \$94,017 in FY 2029. Indirect annual costs associated with the FTE are estimated to be \$2,784 in FY 2026, \$2,794 in FY 2027, \$2,839 in FY 2028, and \$2,821 in FY 2029, in addition to one time only onboarding costs of \$2,800. Other operating costs are expected to be \$28,700 annually.
33. Section 20 amends 17-6-308, MCA, which outlines the authorized investments for the Montana Board of Investments (BOI). It strikes the language that directs BOI to allow the Board of Housing (BOH) to administer \$50 million of the coal tax permanent fund for the Montana veterans' home loan mortgage

- program and \$65 million of the coal tax permanent fund for the multifamily coal trust home loan program. Instead, these loans will be administered with funds in the housing fund within the growth and opportunity trust.
34. Section 22 amends 17-6-801, MCA, by moving the existing Montana housing infrastructure revolving loan fund from the state special revenue fund to within the growth and opportunity trust in the permanent fund type.
35. Section 23 amends 17-7-130(7)(c)(i), MCA, by redirecting the flow of the 75% of excess general fund revenue that currently goes to the pension reserve state special revenue account to the growth and opportunity trust. The existing pension reserve account, established by 17-7-134, MCA, is repealed in section 29 of the bill.
36. Section 24 removes the \$4 million general fund statutory appropriation to the Montana local disaster resiliency fund, which is administered by the Department of Military Affairs, Disaster and Emergency Services Division (DES). This fund is seeded with a \$10 million transfer from the general fund and will receive 20% of distributable interest earnings from the growth and opportunity trust. DES will utilize this funding for projects that reduce or eliminate the impact of hazards on communities such as flood mitigation, grid hardening, fuels reduction, as well as planning, engineering, and project scoping.
37. Local disaster resiliency funding will benefit from federal match and is assumed to be 75% federal and 25% state special revenue, resulting in \$15 million in state special revenue being matched with \$45 million in federal funds each fiscal year. Personal services costs are estimated to be \$501,976 in FY 2026, \$501,976 in FY 2027, \$515,062 in FY 2028, and \$523,059 in FY 2029. DES can utilize up to \$80,000 each year for FY 2026 - FY 2029 for contracted services to provide engineering and application development support to communities with limited capacity, and to assist in the Montana Multi-Hazard Mitigation Plan update. The remaining fund will be sub-granted to eligible local jurisdictions in the amounts of \$59,418,024 in FY 2026, \$59,418,024 in FY 2027, \$59,404,938 in FY 2028, and \$59,396,941 in FY 2029.
38. Section 25 allows, under 17-7-140, MCA, the governor to cancel the volatile revenue transfer to the growth and opportunity trust if the budget director certifies a projected general fund deficit.
39. Section 29 amends 90-6-137, MCA, which allows the BOH to administer \$65 million of the coal tax permanent fund for low-to-moderate income multifamily home loans (currently the multifamily coal trust home loan program). It removes the coal tax permanent fund as the funding source, replacing it with the housing fund within the growth and opportunity trust.
40. Section 30 amends 90-6-603, MCA, which allows the BOH to administer \$50 million of the coal tax permanent fund for the veterans' home loan program. It removes the coal tax permanent fund as the funding source, replacing it with the housing fund within the growth and opportunity trust.
41. Together, sections 29 and 30 move \$115 million in outstanding and reserved loans out of the coal tax permanent fund and into the growth and opportunity trust housing fund. The removal of these loans from the coal tax permanent fund, combined with transfers-in provided for in section 39 of the bill, will allow \$115 million of new TFIP purchases to replace the loans. The yield on TFIP is higher than the loan yield and is projected to increase interest earnings from the coal tax permanent fund by about \$2 million per year, to the benefit of the general fund.
42. Section 39 requires numerous transfers, primarily from the general fund with a couple coming out of the debt and liability free account. General fund transfers required by section 39 total \$679 million in FY 2025, \$409 million in FY 2026, and \$165.47 million in FY 2027, a total of \$1,253 million. The table below shows the transfers by fiscal year.

HB 924 Fund Transfers					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
<u>From General Fund:</u>	Section 30			Volatile Revenue	
GO Trust - Distribution	\$239.000	\$309.000	\$82.720	\$77.478	\$74.819
MT Local Disaster Resiliency	\$10.000				
State Property Tax Relief	\$10.000				
MT Water Development	\$10.000				
Better Local Bridges	\$50.000				
MT Early Childhood	\$10.000				
GO Trust - Reinvestment					
Pension Fund	\$300.000	\$50.000	\$41.375	\$38.739	\$37.410
Housing Fund	\$50.000	\$50.000	\$41.375	\$38.739	\$37.410
General Fund Total	\$679.000	\$409.000	\$165.470	\$154.956	\$149.638
<u>From Debt & Liability Free Account:</u>					
GO Trust - Reinvestment					
Housing Fund	\$33.000				
Coal Tax Permanent Fund	\$89.000				
Debt & Liability Free Total	\$122.000				

43. Sections 39(3)(b) and (4)(b) allow the transfers specified in those subsections to be reduced, at the discretion of the governor, by up to 50% if the budget director estimates that the general fund balance at the end of the fiscal year will be less than the operating reserve balance (17-7-102, MCA).
44. Section 40 creates appropriations for the various state special revenue accounts that receive distributable interest earnings from the growth and opportunity trust.
45. The table below summarizes the projected operation of the growth and opportunity trust for the period FY 2025 – FY 2029. It shows transfers into the trust, projected balances and interest earnings, and estimated distribution and reinvestment amounts.

MT Growth & Opportunity Trust Fund Balances and Earnings					
	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Total Transfers-In	\$589.00	\$409.00	\$165.47	\$154.96	\$149.64
Distribution Portion	\$239.00	\$309.00	\$82.72	\$77.48	\$74.82
Reinvestment Portion	\$350.00	\$100.00	\$82.75	\$77.48	\$74.82
<i>Pension Fund</i>	<i>\$300.00</i>	<i>\$50.00</i>	<i>\$41.38</i>	<i>\$38.74</i>	<i>\$37.41</i>
<i>Housing Infrastructure</i>	<i>\$50.00</i>	<i>\$50.00</i>	<i>\$41.38</i>	<i>\$38.74</i>	<i>\$37.41</i>
Reinvested Earnings			\$22.08	\$25.99	\$29.97
Total Balance	\$817.00	\$1,226.00	\$1,413.55	\$1,594.49	\$1,774.09
Distribution Portion	\$239.00	\$548.00	\$630.72	\$708.20	\$783.02
Reinvestment Portion	\$578.00	\$678.00	\$782.83	\$886.29	\$991.08
<i>Pension Fund</i>	<i>\$300.00</i>	<i>\$350.00</i>	<i>\$402.41</i>	<i>\$454.15</i>	<i>\$506.54</i>
<i>Housing Infrastructure</i>	<i>\$278.00</i>	<i>\$328.00</i>	<i>\$380.41</i>	<i>\$432.15</i>	<i>\$484.54</i>
TFIP Yield		4.38%	4.49%	4.61%	4.69%
Housing Loans Yield		1.47%	1.47%	1.47%	1.47%
Total Interest Earnings		\$44.15	\$51.98	\$59.93	\$67.60
<i>Distributable Earnings</i>		<i>\$22.08</i>	<i>\$25.99</i>	<i>\$29.97</i>	<i>\$33.80</i>
<i>Reinvested Earnings</i>		<i>\$22.08</i>	<i>\$25.99</i>	<i>\$29.97</i>	<i>\$33.80</i>
Distributions					
MT Local Disaster Resiliency		\$4.42	\$5.20	\$5.99	\$6.76
State Property Tax Relief		\$4.42	\$5.20	\$5.99	\$6.76
MT Water Development		\$4.42	\$5.20	\$5.99	\$6.76
Better Local Bridges		\$4.42	\$5.20	\$5.99	\$6.76
MT Early Childhood		\$4.42	\$5.20	\$5.99	\$6.76

Fiscal Analysis Table**Governor's Office**

	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>
	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact</u>				
FTE	1.00	1.00	1.00	1.00
TOTAL Fiscal Impact	1.00	1.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$594,790	\$595,098	\$609,704	\$617,076
Operating Expenses	(\$3,195,722)	(\$3,058,522)	\$1,121,478	\$1,321,478
Benefits	\$0	\$0	\$0	\$0
Transfers	\$1,210,000,000	\$165,470,000	\$154,956,000	\$149,638,000
Grants	\$0	\$0	\$0	\$0
DNRC - Projects	\$350,000	\$360,000	\$380,000	\$400,000
MDT - Local Bridges	\$9,780,000	\$9,740,000	\$9,700,000	\$9,660,000
DPHHS - Early Childhood Services	\$4,292,908	\$5,075,400	\$5,863,880	\$6,634,505
DMA - Disaster Resiliency	\$59,418,024	\$59,418,024	\$59,404,938	\$59,404,938
DOR Property Tax Assistance	\$0	\$14,030,000	\$5,090,000	\$5,870,000

TOTAL Expenditures	\$1,281,240,000	\$251,630,000	\$237,126,000	\$233,545,997
Funding of Expenditures				
General Fund (01)	\$1,084,000,000	\$165,470,000	\$154,956,000	\$149,638,000
State Special Revenue (02)	\$152,240,000	\$41,160,000	\$37,170,000	\$38,907,997
Federal Special Revenue (03)	\$45,000,000	\$45,000,000	\$45,000,000	\$45,000,000
TOTAL Funding of Expenditures	\$1,281,240,000	\$251,630,000	\$237,126,000	\$233,545,997
Other	\$0	\$0	\$0	\$0
Revenues				
General Fund (01)	\$1,960,000	\$2,090,000	\$2,230,000	\$2,320,000
State Special Revenue (02)	\$116,940,000	\$30,450,000	\$34,310,000	\$38,280,000
Federal Special Revenue (03)	\$45,000,000	\$45,000,000	\$45,000,000	\$45,000,000
Other	\$0	\$0	\$0	\$0
GO Trust - Distribution (09)	\$548,000,000	\$0	\$0	\$0
GO Trust - Pension	\$350,000,000	\$52,415,000	\$51,729,000	\$52,390,000
GO Trust - Housing	\$133,000,000	\$52,415,000	\$51,729,000	\$52,390,000
Coal Tax Permanent Fund	\$89,000,000	\$0	\$0	\$0
TOTAL Revenues	\$1,283,900,000	\$182,370,000	\$184,998,000	\$190,380,000
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	(\$1,082,040,000)	(\$163,380,000)	(\$152,726,000)	(\$147,318,000)
State Special Revenue (02)	(\$35,300,000)	(\$10,710,000)	(\$2,860,000)	(\$627,997)
Federal Special Revenue (03)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
GO Trust - Distribution (09)	\$548,000,000	\$0	\$0	\$0
GO Trust - Pension	\$350,000,000	\$52,415,000	\$51,729,000	\$52,390,000
GO Trust - Housing	\$133,000,000	\$52,415,000	\$51,729,000	\$52,390,000
Coal Tax Permanent Fund	\$89,000,000	\$0	\$0	\$0

Public Employees Retirement Board

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
Expenditures				
Benefits	\$0	\$0	\$4,051,886	\$8,367,146
TOTAL Expenditures	\$0	\$0	\$4,051,886	\$8,367,146
Grants	\$0	\$0	\$0	\$0
Funding of Expenditures				
General Fund (01)	\$0	\$0	\$647,482	\$1,337,051
State Special Revenue (02)	\$0	\$0	\$538,396	\$1,111,787
Federal Special Revenue (03)	\$0	\$0	\$337,817	\$697,592
Other	\$0	\$0	\$0	\$0
Proprietary	\$0	\$0	\$235,768	\$486,861
Counties	\$0	\$0	\$916,396	\$1,892,358
Schools	\$0	\$0	\$437,321	\$903,068
Consolidated Governments	\$0	\$0	\$61,276	\$126,536
Cities	\$0	\$0	\$525,653	\$1,085,473
Universities	\$0	\$0	\$351,777	\$726,420
TOTAL Funding of Expenditures	\$0	\$0	\$4,051,886	\$8,367,146

Revenues

Other	\$0	\$0	\$0	\$0
PERS Trust	\$0	\$0	\$4,051,886	\$8,367,146
TOTAL Revenues	\$0	\$0	\$4,051,886	\$8,367,146

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

General Fund (01)	\$0	\$0	(\$647,482)	(\$1,337,051)
State Special Revenue (02)	\$0	\$0	(\$538,396)	(\$1,111,787)
Federal Special Revenue (03)	\$0	\$0	(\$337,817)	(\$697,592)
Other	\$0	\$0	\$0	\$0
Proprietary	\$0	\$0	(\$235,768)	(\$486,861)
Counties	\$0	\$0	(\$916,396)	(\$1,892,358)
Schools	\$0	\$0	(\$437,321)	(\$903,068)
Consolidated Governments	\$0	\$0	(\$61,276)	(\$126,536)
Cities	\$0	\$0	(\$525,653)	(\$1,085,473)
Universities	\$0	\$0	(\$351,777)	(\$726,420)
PERS Trust	\$0	\$0	\$4,051,886	\$8,367,146

Teachers Retirement BoardFY 2026
DifferenceFY 2027
DifferenceFY 2028
DifferenceFY 2029
Difference**Fiscal Impact****Expenditures**

Benefits	\$0	\$0	\$0	\$0
State Agencies 0.2% contrib	\$0	\$0	\$24,565	\$50,726
School District K-12 0.2% contrib	\$0	\$0	\$1,496,183	\$3,089,617
State Portion K-12 0.2% contrib	\$0	\$0	\$581,849	\$1,201,518
MUS 0.2% contrib	\$0	\$0	\$49,529	\$97,389
TOTAL Expenditures	\$0	\$0	\$2,152,126	\$4,439,250

Grants	\$0	\$0	\$0	\$0
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Funding of Expenditures

General Fund (01)	\$0	\$0	\$622,941	\$1,284,184
State Special Revenue (02)	\$0	\$0	\$172	\$355
Federal Special Revenue (03)	\$0	\$0	\$7,148	\$14,761
Other	\$0	\$0	\$0	\$0
MUS Tuition/Restricted	\$0	\$0	\$25,682	\$50,333
School Districts	\$0	\$0	\$1,496,183	\$3,089,617
TOTAL Funding of Expenditures	\$0	\$0	\$2,152,126	\$4,439,250

Revenues

Other	\$0	\$0	\$0	\$0
TRS Trust Fund	\$0	\$0	\$1,496,183	\$3,089,617
TOTAL Revenues	\$0	\$0	\$1,496,183	\$3,089,617

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

General Fund (01)	\$0	\$0	(\$622,941)	(\$1,284,184)
State Special Revenue (02)	\$0	\$0	(\$172)	(\$355)
Federal Special Revenue (03)	\$0	\$0	(\$7,148)	(\$14,761)
Other	\$0	\$0	\$0	\$0
MUS Tuition/Restricted	\$0	\$0	(\$25,682)	(\$50,333)
School Districts	\$0	\$0	(\$1,496,183)	(\$3,089,617)

TRS Trust Fund	\$0	\$0	\$1,496,183	\$3,089,617
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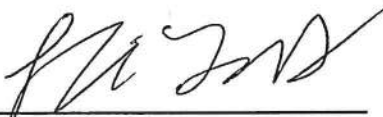
STATEWIDE SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
FTE	1.00	1.00	1.00	1.00
TOTAL Fiscal Impact	1.00	1.00	1.00	1.00
<u>Expenditures</u>				
Personal Services	\$594,790	\$595,098	\$609,704	\$617,076
Operating Expenses	(\$3,195,722)	(\$3,058,522)	\$1,121,478	\$1,321,478
Benefits	\$0	\$0	\$4,051,886	\$8,367,146
MUS 0.2% contrib	\$0	\$0	\$49,529	\$97,389
School District K-12 0.2% contrib	\$0	\$0	\$1,496,183	\$3,089,617
State Agencies 0.2% contrib	\$0	\$0	\$24,565	\$50,726
State Portion K-12 0.2% contrib	\$0	\$0	\$581,849	\$1,201,518
Transfers	\$1,210,000,000	\$165,470,000	\$154,956,000	\$149,638,000
Grants	\$0	\$0	\$0	\$0
DMA - Disaster Resiliency	\$59,418,024	\$59,418,024	\$59,404,938	\$59,404,938
DNRC - Projects	\$350,000	\$360,000	\$380,000	\$400,000
DOR Property Tax Assistance	\$0	\$14,030,000	\$5,090,000	\$5,870,000
DPHHS - Early Childhood Services	\$4,292,908	\$5,075,400	\$5,863,880	\$6,634,505
MDT - Local Bridges	\$9,780,000	\$9,740,000	\$9,700,000	\$9,660,000
TOTAL Expenditures	\$1,281,240,000	\$251,630,000	\$243,330,012	\$246,352,393
<u>Funding of Expenditures</u>				
General Fund (01)	\$1,084,000,000	\$165,470,000	\$156,226,423	\$152,259,235
State Special Revenue (02)	\$152,240,000	\$41,160,000	\$37,708,568	\$40,020,139
Federal Special Revenue (03)	\$45,000,000	\$45,000,000	\$45,344,965	\$45,712,353
Other	\$0	\$0	\$0	\$0
Cities	\$0	\$0	\$525,653	\$1,085,473
Consolidated Governments	\$0	\$0	\$61,276	\$126,536
Counties	\$0	\$0	\$916,396	\$1,892,358
MUS Tuition/Restricted	\$0	\$0	\$25,682	\$50,333
Proprietary	\$0	\$0	\$235,768	\$486,861
School Districts	\$0	\$0	\$1,496,183	\$3,089,617
Schools	\$0	\$0	\$437,321	\$903,068
Universities	\$0	\$0	\$351,777	\$726,420
TOTAL Funding of Expenditures	\$1,281,240,000	\$251,630,000	\$243,330,012	\$246,352,393
<u>Revenues</u>				
General Fund (01)	\$1,960,000	\$2,090,000	\$2,230,000	\$2,320,000
State Special Revenue (02)	\$116,940,000	\$30,450,000	\$34,310,000	\$38,280,000
Federal Special Revenue (03)	\$45,000,000	\$45,000,000	\$45,000,000	\$45,000,000
Other	\$0	\$0	\$0	\$0
Coal Tax Permanent Fund	\$89,000,000	\$0	\$0	\$0
GO Trust - Pension	\$350,000,000	\$52,415,000	\$51,729,000	\$52,390,000
GO Trust - Distribution (09)	\$548,000,000	\$0	\$0	\$0
GO Trust - Housing	\$133,000,000	\$52,415,000	\$51,729,000	\$52,390,000
PERS Trust	\$0	\$0	\$4,051,886	\$8,367,146
TRS Trust Fund	\$0	\$0	\$1,496,183	\$3,089,617

TOTAL Revenues	\$1,283,900,000	\$182,370,000	\$190,546,069	\$201,836,763
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	(\$1,082,040,000)	(\$163,380,000)	(\$153,996,423)	(\$149,939,235)
State Special Revenue (02)	(\$35,300,000)	(\$10,710,000)	(\$3,398,568)	(\$1,740,139)
Federal Special Revenue (03)	\$0	\$0	(\$344,965)	(\$712,353)
Other	\$0	\$0	\$0	\$0
Cities	\$0	\$0	(\$525,653)	(\$1,085,473)
Consolidated Governments	\$0	\$0	(\$61,276)	(\$126,536)
Counties	\$0	\$0	(\$916,396)	(\$1,892,358)
MUS Tuition/Restricted	\$0	\$0	(\$25,682)	(\$50,333)
Proprietary	\$0	\$0	(\$235,768)	(\$486,861)
School Districts	\$0	\$0	(\$1,496,183)	(\$3,089,617)
Schools	\$0	\$0	(\$437,321)	(\$903,068)
Universities	\$0	\$0	(\$351,777)	(\$726,420)
Coal Tax Permanent Fund	\$89,000,000	\$0	\$0	\$0
GO Trust - Pension	\$350,000,000	\$52,415,000	\$51,729,000	\$52,390,000
GO Trust - Distribution (09)	\$548,000,000	\$0	\$0	\$0
GO Trust - Housing	\$133,000,000	\$52,415,000	\$51,729,000	\$52,390,000
PERS Trust	\$0	\$0	\$4,051,886	\$8,367,146
TRS Trust Fund	\$0	\$0	\$1,496,183	\$3,089,617

Technical Concerns

46. Due to formatting restrictions, this fiscal note is only able to show the period FY 2026 - FY 2029; therefore, the FY 2025 transfers in section 30 of the bill are shown in FY 2026.
47. Budgeted amounts for the volatile revenue transfers will be based on estimates contained in the HJ 2 revenue estimate, and these amounts will be the transfer amounts to the growth and opportunity trust. Typically, transfer amounts that are linked to general fund revenues are determined by actual receipts. Using budgeted amounts, without reconciliation to actuals, introduces rigidity and risk into the management of the state budget.
48. Asset/liability mismatches may cause short-term, below market returns as the water development, better local bridges, early childhood, and housing infrastructure revolving loan funds are transferred and established.
49. Excess reserves in the housing infrastructure revolving loan fund will be invested in the short term investment pool due to the statutory liquidity needs established in the bill, the income of which would likely exceed estimates in this fiscal note.
50. The fiscal note does not project utilization of the pension fund. Should its use be necessary, sales from the trust fund investment pool may be at a loss depending on bond prices, duration of existing securities, and other factors.



 Sponsor's Initials

 Date



 Budget Director's Initials

4/11/2025

 Date