

Fiscal Note 2027 Biennium

(\$2,000,000)

Bill#/Title:	HB0368.02 R generating un		erally re	evise water s	upply requiremer	its for coal-fired	
Primary Sponsor:	Gary Parry			Status:	As Amended in I	House Committee	
☐ Included in the Exe	ecutive Budget	☐ Needs to b	e included	in HB 2	☐ Significant Local	Gov Impact	
☐ Significant Long-Term Impacts		☐ Technical Concerns			☐ Dedicated Revenue Form Attached		
		FISO	CAL SU	MMARY			
		FY 20 Differe		FY 2027 Difference	FY 2028 Difference	FY 2029 Difference	
Expenditures							
General Fund (01))		\$0	\$6	90	\$0	
State Special Reve			\$0	\$6	0 \$0	\$0	
Revenues							
General Fund (01)		(\$2,000,000)		(\$2,000,000	(\$2,000,000)	(\$2,000,000)	
State Special Reve	enue (02)	\$2.0	00,000	\$2,000,000	\$2,000,000	\$2,000,000	

Description of fiscal impact

General Fund Balance

As amended, HB 368 directs \$2 million of coal severance tax revenue into a new town of Colstrip water infrastructure mitigation account within the state special revenue fund. This allocation would come out of the amount of coal severance tax revenue that is currently deposited in the general fund. HB 368, as amended, reduces general fund revenue by \$2 million per year.

FISCAL ANALYSIS

Assumptions

Net Impact

1. HB 368 has no effective date. Per 1-2-201, MCA, the bill will become effective October 1, 2025.

(\$2.000,000)

- 2. Under current law, after coal severance tax revenue gets distributed to the coal trust fund (50% of total revenue) and various other accounts (about 26.5% of total revenue), the remaining amount is deposited in the general fund (approximately 23.5% of the coal severance tax).
- 3. The provisions of HB 368 create a new allocation from coal severance tax revenue, directing \$2 million each fiscal year to the town of Colstrip water infrastructure mitigation account. This new allocation will come from the 50% of revenue that is distributed among the general fund and multiple accounts in other state funds (15-35-108(2)-(11), MCA). Since the general fund receives the remainder after all fixed distributions are made, the new \$2 million allocation to the town of Colstrip water infrastructure mitigation account will reduce the amount deposited in the general fund by \$2 million.
- 4. Using the HJ 2 forecast for coal severance tax revenue, the table below details the impact of HB 368 on general fund revenue.

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(\$2,000,000)

HB 368 Change to Distribution of Coal Severance Tax Revenue (\$ millions)									
FY	Total Revenue	Existing 15-35-	Current Law	HB 368	HB 368 General				
		108(2)-(11)	General Fund	Allocation to	Fund Amount				
		Allocations	Amount	Colstrip Water					
				Account					
2026	\$59.542	\$15.796	\$13.974	\$2.000	\$11.974				
2027	\$55.442	\$14.726	\$12.995	\$2.000	\$10.995				
2028	\$51.777	\$13.769	\$12.120	\$2.000	\$10.120				
2029	\$48.633	\$12.948	\$11.368	\$2.000	\$9.368				

Fiscal Analysis Table

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference				
Fiscal Impact								
Expenditures								
Funding of Expenditures								
Revenues								
General Fund (01)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)				
State Special Revenue (02)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000				
TOTAL Revenues	\$0	\$0	\$0	\$0				
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)								
General Fund (01)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)				
State Special Revenue (02)	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000				

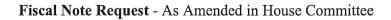
Sponsor's Initials

3/6/25 Date

Budget Director's Initials

3/5/2025

Date



(continued)