



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: **HB0217: Transfer the state building energy conservation program to the Dept. of Administration A&E division**

Primary Sponsor: John Fitzpatrick 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				
Revenues				
Net Impact	\$0	\$0	\$0	\$0
General Fund Balance				

Description of fiscal impact

HB 217 transfers the state buildings energy conservation program (SBECPP) from the Department of Environmental Quality (DEQ) to the Department of Administration (DOA). The program is currently capitalized by two sources of funding: (1) federal funds awarded to DEQ by the U.S. Department of Energy; and (2) state funds appropriated to DEQ for the SBECPP. The federal funds cash balance and ongoing SBECPP project repayments on federally funded projects will be retained by DEQ and repurposed in accordance with applicable federal grant requirements for the funding. The state funds cash balance and ongoing project repayments on state-funded projects will be transferred to DOA for ongoing administration of the SBECPP and to fund new SBECPP projects.

FISCAL ANALYSIS

Assumptions

Department of Environmental Quality

1. The Department of Environmental Quality (DEQ) will transfer 2.00 vacant FTE to the Department of Administration (DOA) for ongoing management of the state building energy conservation program (SBECPP) and associated program requirements.
2. Administration of repurposed federal funds by DEQ will be managed by existing DEQ positions.
3. DEQ will realize a reduction in revenue from the anticipated repayments, both principal and interest, on state-funded SBECPP projects.

Department of Administration

4. The bill will transfer the existing state building energy conservation program (SBECPP) from the Department of Environmental Quality (DEQ) to the Department of Administration's Architecture and Engineering Division (A&E).

5. Presently, the SBECF analysis and fiscal functions are managed by DEQ and HB 5 capital project appropriations are transferred to A&E for project design and construction. The bill will consolidate all functions within A&E.
6. DEQ has 2.00 FTE, one engineer and one accountant, paid for from the program revolving fund proceeds. These two positions and associated HB 2 appropriation will be transferred from DEQ to A&E and paid for from the energy conservation repayment account in 90-4-615, MCA.
7. DEQ will transfer fund responsibility to A&E for fund 02370 (energy conservation repayment account) and fund 05145 (energy conservation capital projects account).
8. DEQ will transfer their remaining HB5 capital projects authority from prior sessions to A&E.
9. This bill has no fiscal impact since DEQ will be transferring requested HB2 appropriations to A&E and prior session capital projects authority. The transfer numbers will come from DEQ.
10. A&E can only transfer excess cash to the energy conservation capital projects account that is greater than \$2,000,000 at the end of a biennium.
11. A&E may only commit capital project authority up to the energy conservation capital projects account cash balance minus the existing SBECF appropriation balance in existing capital projects.

Fiscal Analysis Table

Department of Administration				
	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
FTE	2.00	2.00	2.00	2.00
TOTAL Fiscal Impact	2.00	2.00	2.00	2.00
<u>Expenditures</u>				
Personal Services	\$189,244	\$189,244	\$192,083	\$194,964
Operating Expenses	\$45,419	\$45,419	\$45,826	\$46,514
TOTAL Expenditures	\$234,663	\$234,663	\$237,909	\$241,478
<u>Funding of Expenditures</u>				
State Special Revenue (02)	\$234,663	\$234,663	\$237,909	\$241,478
TOTAL Funding of Expenditures	\$234,663	\$234,663	\$237,909	\$241,478
<u>Revenues</u>				
State Special Revenue (02)	\$399,397	\$311,330	\$251,820	\$244,967
TOTAL Revenues	\$399,397	\$311,330	\$251,820	\$244,967
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
State Special Revenue (02)	\$164,734	\$76,667	\$13,911	\$3,489

Department of Environmental Quality				
	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
FTE	-2.00	-2.00	-2.00	-2.00
TOTAL Fiscal Impact	-2.00	-2.00	-2.00	-2.00
<u>Expenditures</u>				
Personal Services	(\$189,244)	(\$189,244)	(\$192,083)	(\$194,964)
Operating Expenses	(\$45,419)	(\$45,419)	(\$45,826)	(\$46,514)

Fiscal Note Request - As Introduced

(continued)

TOTAL Expenditures	<u>(\$234,663)</u>	<u>(\$234,663)</u>	<u>(\$237,909)</u>	<u>(\$241,478)</u>
Funding of Expenditures				
State Special Revenue (02)	<u>(\$234,663)</u>	<u>(\$234,663)</u>	<u>(\$237,909)</u>	<u>(\$241,478)</u>
TOTAL Funding of Expenditures	<u>(\$234,663)</u>	<u>(\$234,663)</u>	<u>(\$237,909)</u>	<u>(\$241,478)</u>
Revenues				
State Special Revenue (02)	<u>(\$399,397)</u>	<u>(\$311,330)</u>	<u>(\$251,820)</u>	<u>(\$244,967)</u>
TOTAL Revenues	<u>(\$399,397)</u>	<u>(\$311,330)</u>	<u>(\$251,820)</u>	<u>(\$244,967)</u>
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
State Special Revenue (02)	<u>(\$164,734)</u>	<u>(\$76,667)</u>	<u>(\$13,911)</u>	<u>(\$3,489)</u>

STATEWIDE SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
TOTAL Fiscal Impact	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Expenditures				
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Funding of Expenditures				
TOTAL Funding of Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Revenues				
TOTAL Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

Technical Concerns

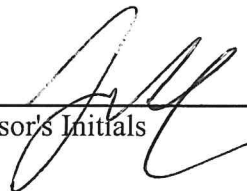

Department of Administration

1. HB 5, Section 17, page 27, line 7 coordination language needs to be amended to reference HB 217.
2. An amendment is needed in the reference to DEQ in 90-4-615(3) to effectuate the fiscal functions transferring to A&E as intended in the bill. 90-4-615(3) MCA: "(3) Money in the energy conservation repayment account is available to the [~~strike through~~department of environmental quality] **division** by appropriation to fund the costs of the energy conservation program for:"
3. An amendment is needed to add 8 sections to strike through all references to [~~department~~] and add **division** for the following sections of Title 90, Chapter 4, part 6, MCA:
 - a. 90-4-606, MCA
 - b. 90-4-611 through 90-4-615, MCA
 - c. 90-4-617, MCA
 - d. 90-4-625, MCA
4. There is no coordination language with HB 47 to update DEQ references. HB 47 also has the following language updates that will not change if HB 47 is not passed:
 - a. HB 47.1, page 1, lines 25 and 26 -utility and associated operation and maintenance costs.
 - b. HB 47.1, page 2, lines 1 and 2 -and associated operation and maintenance
 - c. HB 47.1, page 2, line 12 -or building systems
 - d. HB 47.1, page 2, lines 21 through 23 -the estimated savings are determined to be greater than the cost of the project, plus annual interest payments on the unpaid balance of the cost of the project.

Fiscal Note Request - As Introduced

(continued)

- e. HB 47.1, page 5 line 28 -procurement, design, and construction costs for projects with energy cost savings considered
- f. HB 47.1, page 6, line 1 -not appropriate for funding through the repayment program; and

 _____ Sponsor's Initials	<u>1/22/25</u> _____ Date	 _____ Budget Director's Initials	<u>1/21/2025</u> _____ Date
--	---------------------------------	---	-----------------------------------