



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0314: Create a state energy authority

Primary Sponsor: Gary Parry

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)	\$97,507	\$81,007	\$112,841	\$124,710
State Special Revenue (02)	\$700,000	\$700,000	\$700,000	\$700,000
Revenues				
General Fund (01)	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
State Special Revenue (02)	\$700,000	\$700,000	\$700,000	\$700,000
Net Impact	<u>(\$797,507)</u>	<u>(\$781,007)</u>	<u>(\$812,841)</u>	<u>(\$824,710)</u>
General Fund Balance				

Description of fiscal impact

HB 314 establishes a state energy authority attached to the Department of Commerce for administrative purposes. It statutorily appropriates up to \$700,000 from the wholesale energy transaction tax to the authority for administrative expenses. The funds for the authority are deposited into a newly create state special revenue account. This new allocation of wholesale energy transaction tax revenue reduces general fund revenue.

FISCAL ANALYSIS

Assumptions

Department of Revenue

- Under current law, 100% of the wholesale energy transaction tax revenue goes to the general fund.
- HB 314 creates a new state special revenue account known as the Montana energy generation and electric transmission special revenue account.
- Each year, no more than \$700,000 from the wholesale energy transaction tax is deposited into this state special account to fund the activities of the newly established energy authority.
- It is assumed the full \$700,000 would be deposited each year.
- The revenue impact of HB 314 is an increase in state special fund revenue and a reduction in general fund revenue of \$700,000 per year.

Department of Commerce

- Section 4 of the bill allows the authority to hire an executive director. Given the broad scope of responsibilities assigned by the bill, it is assumed that the authority will employ an executive director requiring 1.00 Program Executive FTE.

Fiscal Note Request - As Introduced

(continued)

7. Section 4 also stipulates the authority will be composed of 14 members. Section 5 allows the members to be eligible for per diem and travel expense reimbursement when conducting official business. Section 6 states the authority will meet a minimum of every 90 days and at other times as necessary. It is assumed that the authority will meet six times per year. Based on current per diem, mileage reimbursement rates, and average lodging and meeting room costs, meeting costs for a 14-member board are estimated to be roughly \$67,000 per year.
8. Section 7 defines the authority’s powers. It states the authority may facilitate the planning, development, economic analysis, and coordination of facilities within and outside the state; assist in investigating, planning, establishing, and coordinating electric transmission corridors; participate in regional energy transmission organizations and in regional organizations established for the purpose of planning, analyzing, and coordinating energy generation and transmission projects. It will report findings and recommendations and perform other functions as necessary. Per Section 8, the authority will work with other agencies in planning, permitting, and constructing facilities.
9. Section 7(2) allows the authority to employ officers, agents, and employees. Due to the scope of the responsibilities described in Sections 7 and 8, it is estimated that the authority would require 1.00 Engineering Analyst II FTE, 1.00 Lawyer II FTE, 1.00 Program Specialist II FTE, and 1.00 Administrative Specialist II FTE, as well as associated operating costs such as office space rental, supplies, travel, IT costs, and overhead.
10. Total expenses for the 5.00 FTE and associated operating costs are estimated to be \$730,589 in FY 2026, \$714,089 in FY 2027, \$745,244 in FY 2028, and \$756,423 in FY 2029.
11. Section 7(3) allows for contracting for legal, financial, engineering, and other professional services. It is assumed the authority would require such services and enter contracts for them; however, the extent to which these services will be required, along with their associated expenses cannot be quantified with a suitable degree of accuracy for the purposes of this fiscal note.
12. Section 11 provides up to \$700,000 annually from the wholesale energy transaction tax to fund administrative expenses for the authority. It is assumed any costs necessary to support the activities of the authority that exceed \$700,000 annually will be funded out of the general fund.

Statutory Appropriation

17-1-508, MCA, requires analysis of the statutory appropriation relative to the guidance in 17-1-508(3), MCA, to be published in the fiscal note. In reviewing and establishing statutory appropriations, the legislature shall consider the following guidelines. Answer yes or no to each of the following guidelines regarding the statutory appropriation:

	Yes	No
a. The money is from a continuing, reliable, and estimable source.	X	
b. The use of the appropriation or the expenditure occurrence is predictable and reliable.	X	
c. The authority exists elsewhere.	X	
d. An alternative appropriation method is available, practical, or effective.	X	
e. It appropriates state general fund money for purposes other than paying for emergency services.		X
f. The money is used for general purposes.		X
g. The legislature wishes to review expenditure and appropriation levels each biennium.	X	
h. An expenditure cap and sunset date are excluded.	X	

Fiscal Analysis Table

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
<u>Fiscal Impact</u>				
FTE	5.00	5.00	5.00	5.00
TOTAL Fiscal Impact	5.00	5.00	5.00	5.00
<u>Expenditures</u>				
Personal Services	\$563,626	\$563,626	\$588,880	\$597,462
Operating Expenses	\$233,881	\$217,381	\$223,961	\$227,248
TOTAL Expenditures	\$797,507	\$781,007	\$812,841	\$824,710
<u>Funding of Expenditures</u>				
General Fund (01)	\$97,507	\$81,007	\$112,841	\$124,710
State Special Revenue (02)	\$700,000	\$700,000	\$700,000	\$700,000
TOTAL Funding of Expenditures	\$797,507	\$781,007	\$812,841	\$824,710
<u>Revenues</u>				
General Fund (01)	(\$700,000)	(\$700,000)	(\$700,000)	(\$700,000)
State Special Revenue (02)	\$700,000	\$700,000	\$700,000	\$700,000
TOTAL Revenues	\$0	\$0	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u>				
General Fund (01)	(\$797,507)	(\$781,007)	(\$812,841)	(\$824,710)
State Special Revenue (02)	\$0	\$0	\$0	\$0

GMP
Sponsor's Initials

2/3/25
Date

RO
Budget Director's Initials

1/31/2025
Date