



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2027 Biennium

Bill#/Title: HB0490.02 (001): Revise civil liability laws

Primary Sponsor: Amy Regier

Status: As Amended in House Committee

☐ 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 | | | | |
| State Special Revenue (02) | \$100,000 | \$100,000 | \$101,500 | \$101,500 |
| Revenues | | | | |
| State Special Revenue (02) | \$0 | \$0 | \$0 | \$0 |
| Net Impact | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| General Fund Balance | | | | |

Description of fiscal impact

HB 490 protects electric facilities providers from strict liability and uncertain common law standards of care in the event of an unintentionally or negligently caused wildfire and provides a standard of care for electric facility providers that choose to affirmatively undertake wildfire mitigation efforts. The minimum fiscal impact to the Public Service Commission is reflected in this fiscal note. The Department of Natural Resources and Conservation and the Disaster and Emergency Services Division of the Department of Military Affairs are both required by the bill amendments to review the utility's wildfire mitigation plan and can do so with existing resources.

FISCAL ANALYSIS

Assumptions

Public Service Regulation (PSC)

1. HB 490 allows the PSC to appoint a technical master to determine whether the wildfire mitigation plan contains the required components.
2. The Commission used a technical master in Docket 2023.04.033 to resolve a dispute between a utility and a customer regarding the reasonableness of a specific tariff provision governing the interconnection of a small generator to the utility's system. The selected technical master charged a fee of \$215 per hour and estimated up to 200 hours of work.
3. It would be reasonable to assume that the scope of technical analyses related to a utility's wildfire mitigation plan will be much broader, compared to the narrow engineering issue in Docket 2023.04.033. The determination of whether the plan satisfies the statutory requirements may require a range of subject matter expertise. Additionally, the statutory timeframe for a Commission decision is just 3.5 months, during which time the Commission will need to select the technical master, receive and review the technical master's findings, and render its own written decision.

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(continued)

4. Increasing the hourly rate and the number of hours of work associated with the last technical master by 50% each to account for the greater complexity and limited timeframe would result in a total cost of about \$100,000 for a single wildfire mitigation plan. This \$100,000 amount then is a minimum floor for a total cost. An 1.5% inflation factor is applied to FY 2028 and FY 2029.
5. While there would be increased effort internally on agency staff, the dollar amount of such increased effort is difficult to quantify.

Department of Military Affairs

6. HB 490 requires the Disaster and Emergency Services (DES) division to review wildfire mitigation plans submitted to the commission within the public comment period.
7. DES will provide comments and recommendations on the aspects of the plans that are applicable within the boundaries of the state of Montana.
8. The additional work required for these reviews can be performed by existing disaster mitigation staff.

Secretary of State's Office

9. HB 490 requires the Office of the Secretary of State to notify each federally recognized tribal government in Montana. While there may be a minimal fiscal impact, the Office of the Secretary of State can cover the costs associated with implementing this bill within its existing operating budget.

Department of Natural Resources and Conservation (DNRC)

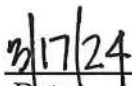
10. DNRC will be required to review wildfire mitigation plans submitted to the Public Service Commission under HB 490 as amended. This work can be completed utilizing existing staff and resources.

Fiscal Analysis Table

| Public Service Regulation | | | | |
|--|---|---|---|---|
| | <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> |
| <u>Fiscal Impact</u> | | | | |
| <u>Expenditures</u> | | | | |
| Operating Expenses | \$100,000 | \$100,000 | \$101,500 | \$101,500 |
| TOTAL Expenditures | \$100,000 | \$100,000 | \$101,500 | \$101,500 |
| <u>Funding of Expenditures</u> | | | | |
| State Special Revenue (02) | \$100,000 | \$100,000 | \$101,500 | \$101,500 |
| TOTAL Funding of Expenditures | \$100,000 | \$100,000 | \$101,500 | \$101,500 |
| <u>Revenues</u> | | | | |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures)</u> | | | | |
| State Special Revenue (02) | (\$100,000) | (\$100,000) | (\$101,500) | (\$101,500) |



Sponsor's Initials



Date



Budget Director's Initials

3/7/2025

Date