

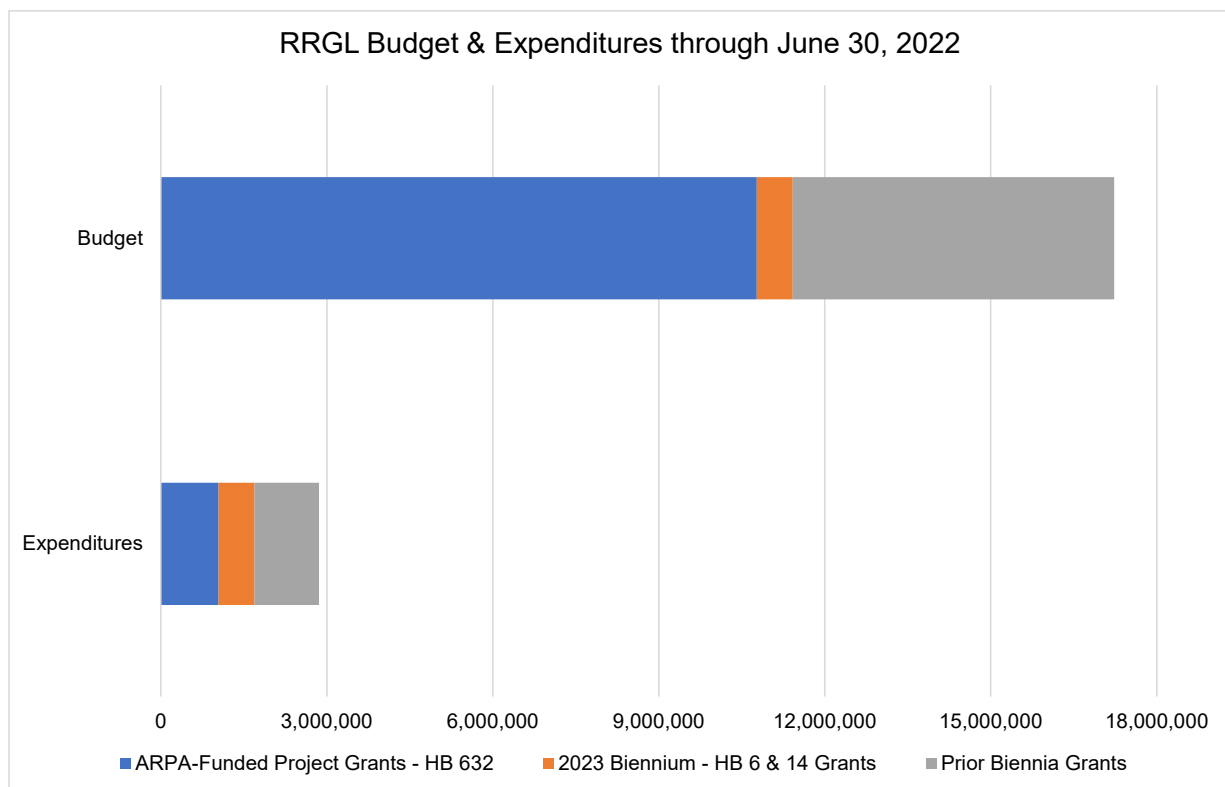
RENEWABLE RESOURCE GRANT & LOAN PROGRAM

PROGRAM SUMMARY

The Renewable Resource Grant and Loan Program (RRGL) was created by the 1993 Legislature. This program combines the former Renewable Resource Development Program, established in 1975, and the Water Development Program, established in 1981. As outlined under Title 85, Chapter 1, part 6, MCA, the purpose of the RRGL is to fund projects that “enhance Montana's renewable resources through projects that measurably conserve, develop, manage, or preserve resources.” The program is administered by the Department of Natural Resources and Conservation (DNRC).

BUDGET & EXPENDITURE

The following chart and table show RRGL 2023 biennium budget and expenditure through June 30, 2022 (fiscal year-end 2022).



RRGL Budget and Expenditures through June 30, 2022				
Item	Appropriations	Expenditures	Balance	% Expended
ARPA-Funded Project Grants - HB 632	10,770,788	1,040,814	9,729,974	9.7%
2023 Biennium - HB 6 & 14 Grants	651,530	75,000	576,530	11.5%
Prior Biennia Grants	5,807,367	2,370,078	3,437,288	40.8%
Total Appropriations/Expenditures	17,229,685	1,166,704	13,743,792	6.8%

RRGL projects were originally proposed for funding in HB 6 and 14 with Natural Resource Project Account funds but were instead primarily funded by federal special revenue through the American Rescue Plan Act (ARPA) for the 2023 biennium. Funds will be expended for reimbursement of costs associated with the projects awarded. Through June 30, 2022, approximately \$1.0 million was expended for those reimbursements. ARPA funds must be obligated by December 31, 2024 and spent by December 31, 2026.

A few RRGL projects authorized under HB 6 and 14 in the 2023 biennium were not able to be funded with ARPA funds due to the fact that the projects are using the funds as the match requirement for larger federal grants. These federal grants do not allow the local match portion to be federal funding, including ARPA funding. Therefore, the DNRC established approximately \$652,000 of the authority in the natural resource projects account for those projects. Of this authority, in FY 2022, \$75,000 was expended for the Greenfields Irrigation District's Arnold Coulee Hydroelectric project.

Approximately \$5.8 million of the budget was established for grants authorized in prior biennia. Of that amount, \$3.4 million was for projects authorized under HB 6 in prior sessions. Expenditure for these prior biennia projects totaled \$927,000 in FY 2022 for 26 project grants, as well as other types of grants including emergency grants and planning grants.

Approximately \$2.4 million of the prior biennia grant budget remains for grants authorized under HB 652 from the 66th Legislative Session for local government infrastructure in the 2021 biennium. Of that budgeted amount, about \$1.4 million was expended on 30 projects for water and wastewater system improvements and irrigation districts.

FUND BALANCE

The following chart shows the projected fund balance for the Natural Resource Project Account, based on FY 2022 actuals and FY 2023 projections.

Natural Resource Project Account Fund Balance Analysis - 2023 Biennium					
Account 02577					
	FY 2020 Actual	FY 2021 Actual	FY 2022 Actual	FY 2023 Projected	2023 Biennium Total
Available Balance	\$10,242,619	\$9,376,853	\$9,710,996	\$14,359,730	\$9,710,996
Fund Balance Adjustment				\$150	
				14,359,880	
Revenue Projections ¹					
RIT Interest Earnings	2,176,299	2,812,419	2,220,602	2,293,628	4,514,230
Resource Indemnity & Groundwater	804,083	679,719	904,754	512,938	1,417,692
Oil and Gas Tax	921,370	893,548	1,689,528	977,543	2,667,071
Other Revenues	96,335	97,978	19,850	0	19,850
Transfers In - General			163,347		163,347
HB 14 GF Transfer	0	0	2,099,322	0	2,099,322
Total Revenues	3,998,087	4,483,664	7,097,404	3,784,109	10,881,512
RRGL Appropriations - HB 6					
Other Grants	599,266	805,869	0	0	0
Prior Biennia	2,480,645	1,947,905	926,634	4,377,479	5,304,113
2023 Biennium Grants	0	0	75,000	576,530	651,530
Total RRGL Expenditures/Appropriations	3,079,911	2,753,774	1,001,634	4,954,009	5,955,643
RDGP Appropriations - HB 7					
Other Grants	32,518	285,496	0	800,000	800,000
Prior Biennia	1,751,423	1,110,535	1,425,770	866,495	2,292,265
2023 Biennium Grants	0	0	21,116	5,352,039	5,373,155
Total RDGP Expenditures/Appropriations	1,783,941	1,396,031	1,446,886	7,018,534	8,465,420
Total Expenditures/Appropriations	4,863,852	4,149,521	2,448,520	11,972,543	14,421,063
Estimated Ending Fund Balance	\$9,376,854	\$9,710,996	\$14,359,880	\$6,171,446	\$6,171,446
¹ HJ 2 projections					

Because grants for both RRGL and the Reclamation and Development Grants Program (RDGP) are appropriated from the Natural Resources Project Account, both are included in the table to show the fund balance for the account.

Funding for the account comes from various sources including interest income of the resource indemnity trust fund; resource indemnity and groundwater assessment tax; oil and gas tax production tax; and fees or charges collected by DNRC. Total actual revenues in FY 2022 were higher than HJ 2 (2021) projections by approximately \$1.3 million. The greatest difference was in oil and gas tax revenues by \$628,000. Additionally, in accordance with HB 14 (2021) Section 15(2), there was a transfer of general fund to the account of approximately \$2.1 million that occurred in FY 2022. Revenue projections for FY 2023 are from HJ 2 (2021).

As mentioned, ARPA funds will be used to fund the majority of RRGL grants authorized in the 2023 biennium. During FY 2022, a total of \$652,000 of state special revenue budget from the Natural Resources Project Account was established for four 2023 biennium grants, to be used as the non-federal match requirement for federally funded grants. Because ARPA is federal funding, ARPA funds could not be used as a match for those projects.

The projected ending fund balance at the end of the 2023 biennium is approximately \$6.2 million.