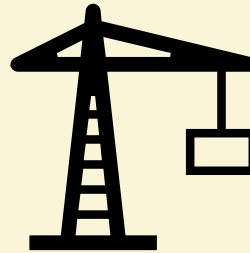


Section F Long-Range Planning (LRP) Overview

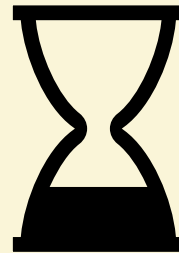
Erica Thomas
Section F – Long Range Planning Analyst
Legislative Fiscal Division
October 2, 2024



LRP: LONG-RANGE PROJECTS



LRP projects are for the creation and upkeep of major infrastructure and are broadly classified as state, university system or state-funded local government capital projects.



Projects coming through this program are generally LONG-RANGE in relation to time, meaning projects take longer to complete than a single fiscal year or biennium.



LRBP and LRITP have statutory authority to continue appropriations until the project is complete, and grant programs continue appropriations through the accrual process.

HOW LRP PROGRAMS WORK

1. Agencies and grant seekers apply to programs for projects
2. Requests are reviewed and ranked by an Agency / Board / Council
3. Governor reviews lists and presents to the legislature
4. Legislature appropriates funding and approves projects
5. For agency projects-RFP's are developed and bids are taken for projects and programs oversee construction/work
6. State agencies distribute grant funds when conditions are met

HOW LRP PROGRAMS DIFFER FROM HB 2

- No Agency Budgets – instead project appropriations in 8 separate bills.
- Appropriations are usually OTO and do not have continuing costs
 - State & university system projects generally have associated O&M costs
- All LRP budgets are biennial, not by fiscal year
 - Appropriation does not necessarily get spent the biennium appropriated since LRP projects can span many years.

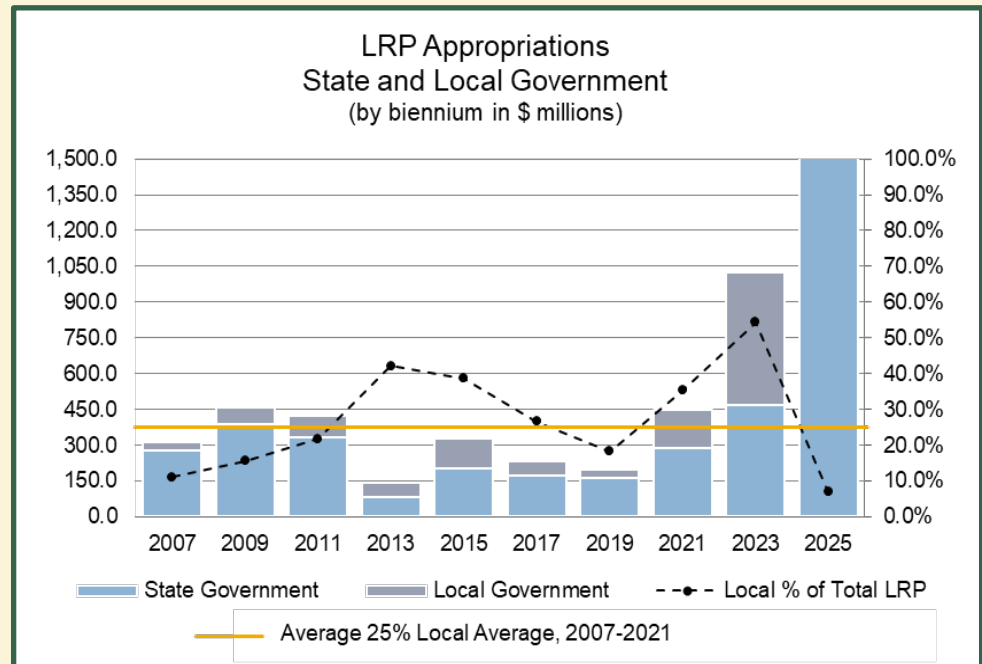
STATE & LOCAL INFRASTRUCTURE

Two types of infrastructure:

- State capital projects
- Local government projects

LRP has 9 programs:

- Three LRP programs fund state & university system capital projects
- The remainder of the programs issue grants for local government capital and arts and aesthetics projects



In the 2025 budget, 89.1% is for state infrastructure and 10.9% is for local government infrastructure.
A normal year is around 25% local.

LRP FUNDING

Most programs have statutorily dedicated revenues for program purposes.

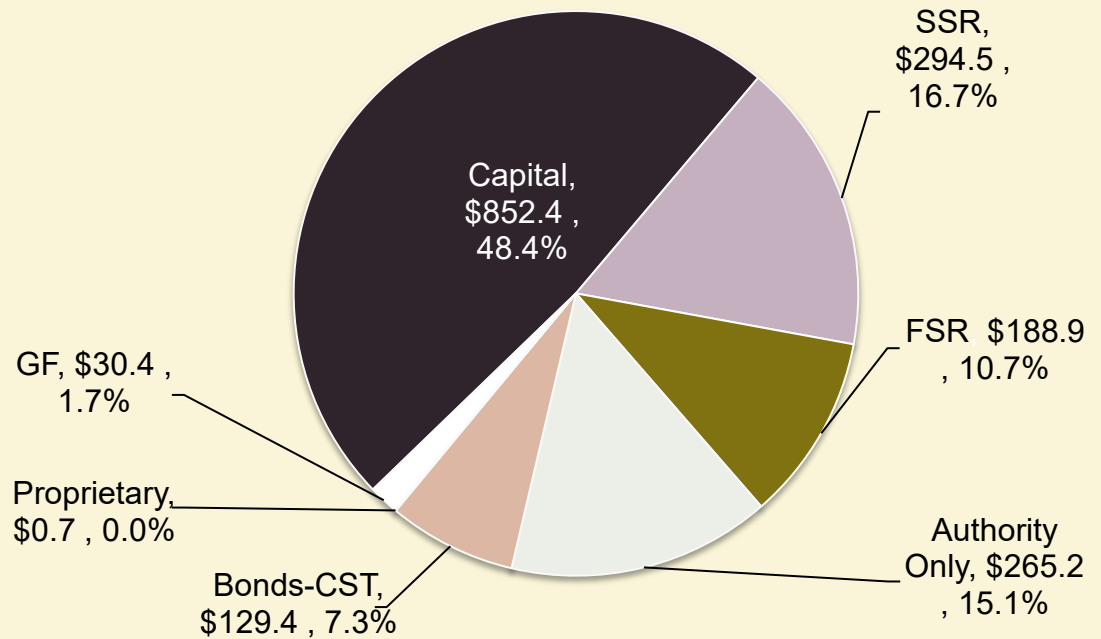
- Spending for the program is determined by the amount of revenue available.
- Appropriations are limited by estimated funding. (HJ2 revenue estimates are used)

- With the exception of the Renewable Resource loans (Coal Severance Tax) for which the debt service is paid by the applicant/local government, the LRP budgets are cash-funded. No bonding bill is currently used.
- Long Range Building Program (HB 5) projects are also financed with agency funds.

LRP FUNDING (continued)

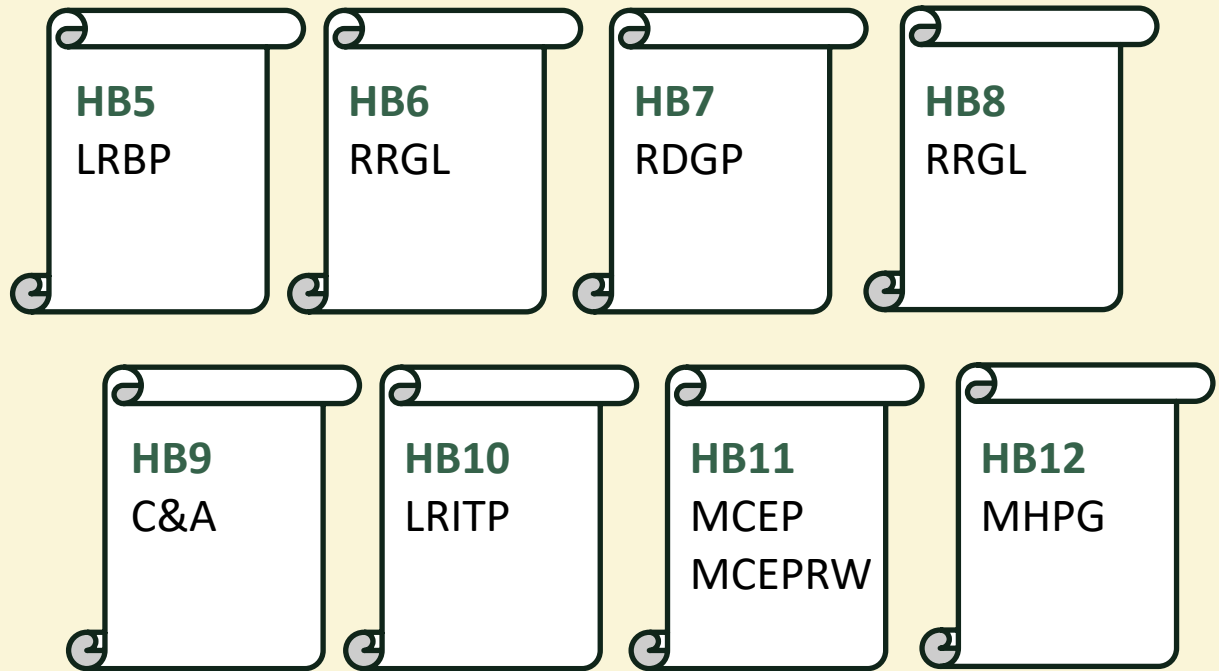
Long-Range Planning Programs Funding by Source-2025 Biennium (\$ millions)

Total - \$1.7 billion



The provision of "Authority Only" is only used in LRBP and are typically private donations for building construction projects so the funds are not appropriated, but projects must be approved by the legislature.

LRP BUDGETS



LRP projects are not funded in HB2.
LRP has 8 separate bills by program.

LRP PROGRAM ABBREVIATIONS/ACRONYMS



LRBP (*LRBP, DOA*) – HB 5 Long-Range Building Program
SBECP (*DEQ*) – HB 5 State Building Energy Conservation Program
RRGL (*DNRC*) – HB 6 & 8 Renewable Resource Grant and Loan Program
RDGP (*DNRC*) – HB 7 Reclamation and Development Grant Program
C&A (*MAC*) – HB 9 Cultural and Aesthetic Grant Program
LRITP (*SITSD, DOA*) – HB 10 Long-Range Information Technology Program
MCEP (*DOCom*) – HB 11 Montana Coal Endowment Program
MCEPRW (*DNRC*) – HB 11 Montana Coal Endowment Regional Water Program
MHPG (*DOCom*) – HB 12 Montana Historic Preservation Grant Program

LRBP

LONG-RANGE BUILDING PROGRAM



DOA A&E
17-7-2, MCA
\$1.3 billion for 2025
Biennium

Purpose: Acquisition, construction, and major maintenance of state-owned and/or university system lands and buildings.

- \$915.3 million in HB 5
- \$181.1 million in HB 817
- \$116.2 million in HB 856
- \$76.7 million in HB 872

O&M: New or renovated projects require funds for the future costs of operations and maintenance (O&M) in accordance with statute. The O&M funding is appropriated in the long-range planning bills, and then in the following biennium, will become part of the agency's base budget and be appropriated in HB 2.

LRBP

LONG-RANGE BUILDING PROGRAM

(CONTINUED)



DOA A&E
17-7-2 MCA
\$1.3 billion for 2025
Biennium

Major Repairs Funding

Eligible Projects:

- Renovation, alteration, replacement, or repair project(s) with a total cost < \$2.5mil.
- A new facility with a total construction cost < \$250,000
- Current replacement value > \$150,000

Funding:

- 2.6% distribution of cigarette tax revenue
- 12.0% distribution of coal severance tax revenue
- HB 2 appropriated general fund transfer (transfers to bring annual major repairs spending to the level of 0.6% of the current replacement value of all LRBP eligible buildings)

Current Replacement Value for all 5,060 state owned buildings is \$5.8 billion, and for 1,050 LRBP-Eligible Buildings it is \$3.5 billion.

Per statute, minimum level of funding is (\$3.5 billion X 0.6%) x 2 fiscal years = \$42,253,842 for next biennium

LRBP

LONG-RANGE BUILDING PROGRAM

(CONTINUED)



DOA A&E
17-7-2, 17-7-130
\$1.3 billion for 2025
Biennium

Capital Development Funding

Eligible Projects:

- Renovation, construction, alteration, site, or utility project with a total cost => \$2.5 million
- A new facility with a construction cost > \$250,000.
- Replacement value > \$150,000

Funding:

- HB2 Transfer of 1% of General Fund revenue (\$27.7 million in FY 2024, \$24.2 in FY 2025)
- BOI Earnings (\$37.4 million in FY 2024, \$6.04 million so far in FY 2025)
- Transfers from Budget Stabilization Reserve (BSR) fund (\$70.4 million in FY 2025)
- HB856 Transfer for Capitol Complex Legis. Branch (\$5 million in FY 2024)

SBECF

STATE BUILDING ENERGY CONSERVATION PROGRAM



DEQ
90-4-6 MCA
\$3.7 million for
2025 Biennium

Purpose: Energy efficiency improvements to state-owned and university buildings through a revolving loan program. Agencies borrow from the program for the costs of the project, then reimburse for those costs with the savings realized with an interest rate of 3% on unpaid balances of loans.

Funding: Funds generated from repayment are used to fund the administrative costs of the program.

Projects with potential for energy/water savings are often components of projects jointly funded with LRBP funds.

LRITP

LONG-RANGE INFORMATION TECHNOLOGY PROGRAM



DOA SITSD
2-17 MCA
\$238 million for
2025 Biennium

Purpose: Provides a comprehensive method for funding large information technology (IT) investments (builds and upgrades) under a single program.

The LRITP consolidates all major IT projects in one appropriation bill and defines major IT investments as capital projects.

Funding: Funding relies on fund transfers and agency funds to pay the costs of the projects. In 2025 biennium there was also a General Fund transfer of \$145.2 million to fund projects not funded with state special or federal special sources.

MCEP

MONTANA COAL ENDOWMENT PROGRAM



DOCom
90-6-7 MCA
\$31.2 million for
2025 Biennium

Purpose: Provides water, wastewater, solid waste, and bridge infrastructure grants to local governments.

Requests are ranked according to seven statutory priorities and relative financial need. Projects are generally funded in priority order, given the amount of interest earnings anticipated in the biennium.

Funding: Grants and administrative costs are funded by investment earnings on coal severance tax endowment funds. The MCEP trust is a “sub-trust” of the permanent coal severance tax trust with a corpus fixed at \$268.0 million. Interest earned on the corpus is transferred to the MCEP program.

More on the coal severance tax trust fund is found here:

<https://leg.mt.gov/content/Publications/fiscal/2025-Biennium/Special-Topics/Coal-Trust-Brochure-2024.pdf>

MCEPRW

MONTANA COAL
ENDOWMENT
PROGRAM
REGIONAL WATER
SYSTEM



DNRC
90-6-7 MCA
\$10 million for 2025
Biennium

Purpose: Funding provides the state's share of regional water system projects.

Funding: The Montana coal endowment regional water system fund has a sub-trust within the coal severance tax trust that is fixed at \$98.1 million. Interest earned from the trust can be distributed as a match to federal and local funds to the regional water authorities.

The interest from the trust is also used to pay administrative costs to the DNRC and the four regional water authorities:

- Dry Prairie Regional Water Authority
- North Central Montana Regional Water Authority
- Dry-Redwater Regional Water Authority
- Musselshell-Judith (Central) Regional Water Authority

RRGL

RENEWABLE RESOURCE GRANT AND LOAN



DNRC
85-1-6 MCA
\$43.2 million for
2025 Biennium

Purpose: Funds grants to local governments for projects that measurably conserve, develop, manage or preserve resources.

Funding: RRGL loans are funded from proceeds of the issuance of coal severance tax bonds. Loan repayments are used to pay debt service on the loans.

The 2025 biennium included a \$26 million General Fund transfer for a loan for the Milk River project, and repayment of interest for the loan will be held in a newly created special revenue account that will be used for long-term O&M and future loans for the project.

RDGP

RECLAMATION AND DEVELOPMENT GRANTS PROGRAM



DNRC

90-2-1102, 15-38-2, 15-
38-1 , 85-1-603 MCA
\$5.7 million for 2025
Biennium

Purpose: Grants are distributed for the reclamation of lands degraded by resource severance activities and the development of critical infrastructure.

Funding:

- Interest income of the resource indemnity trust
- Resource indemnity and ground water assessment tax
- 2.16% of oil and natural gas production taxes remaining after other required distributions
- Excess coal severance tax proceeds allocated to the renewable resource loan debt service fund
- Fees or charges for servicing of loans

C&A

Cultural and Aesthetic Grant Program



MAC
15-35-108 MCA
\$588,876 for 2025
Biennium

Purpose: Provides grants for arts, cultural and historical programs across the state.

Funding: Funded with the investment earnings from a statutory trust that receives distributions of coal severance tax.

MHPG

MONTANA HISTORIC PRESERVATION GRANT



DOCom
22-3-1, 15-68-8 MCA
\$11.4 million for 2025
Biennium

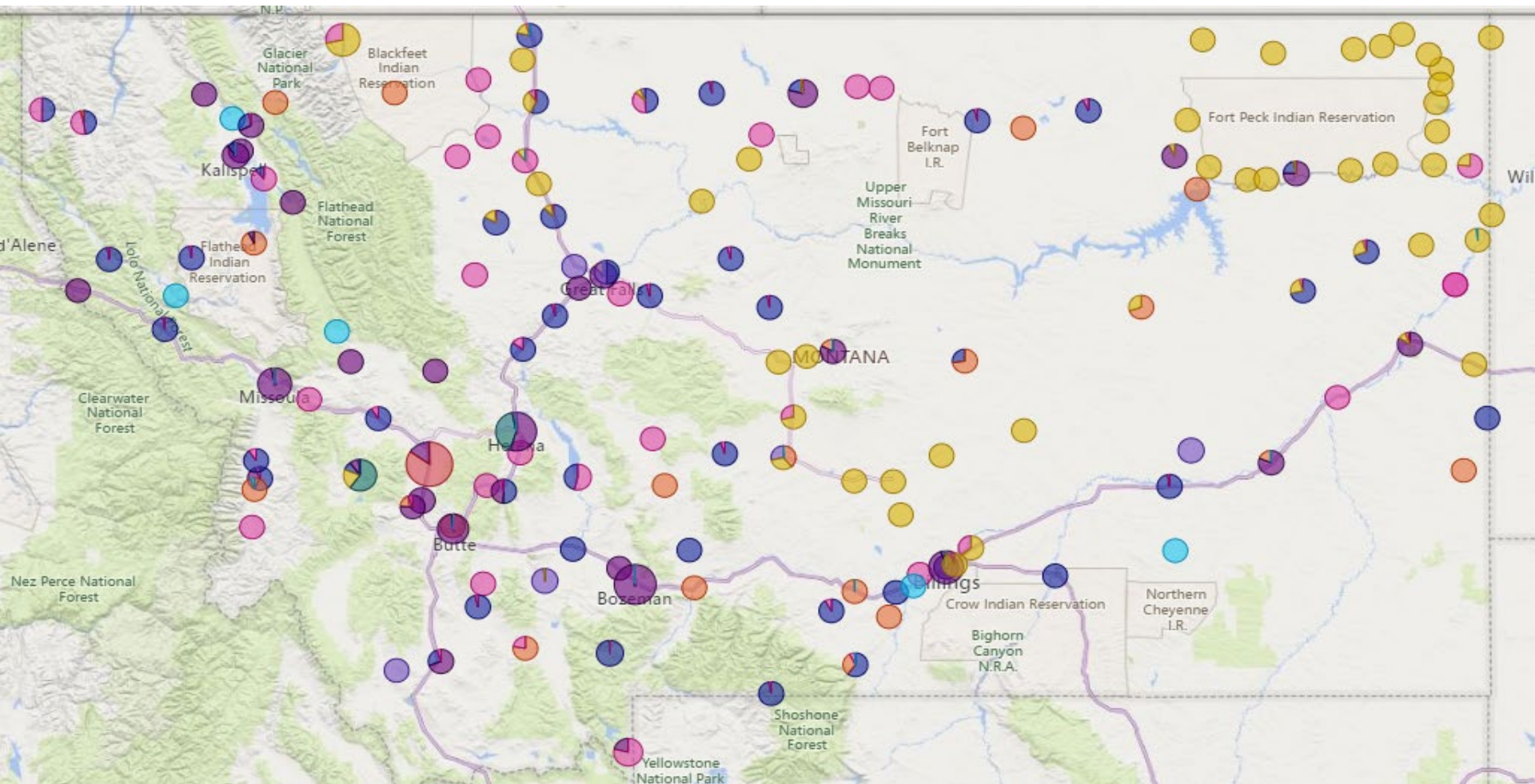
Purpose: Provides competitive grants to historical sites, historical societies, history museums, and other public or private entities for the preservation of Montana's history and historic sites.

Funding: Funding to the state special fund comes from transfers from the accommodations sales tax. Up until 12/30/2024 the account receives 5% in the account, and starting 1/1/2025 it increases to 6%.

LRP Total Appropriations by Bill and Fund Type									
Bill #	Program	General Fund	Capital Projects	State Special	Federal Special	Prop.	Author.	CST Bonds	Total
HB 5	LRBP		372,504,225	106,086,740	87,757,649	690,000	255,195,000	0	822,233,614
HB 5	FWP Capital			35,533,404	20,064,742		6,333,234		61,931,380
HB 5	SBECF						3,700,000		3,700,000
HB 5	Other Capital	16,975,257							16,975,257
HB 5	O&M	13,196,968		644,862	226,472	40,000			14,108,302
HB 817	LRBP		180,940,831						180,940,831
HB 817	O&M	176,560							176,560
HB 856	LRBP		78,695,418	37,500,000					116,195,418
HB 872	LRBP		75,000,000						75,000,000
HB 872	O&M			1,661,426					1,661,426
Total HB 5/817/856/872		\$30,348,785	\$707,140,474	\$181,426,432	\$108,048,863	\$730,000	\$265,228,234	\$0	\$1,292,922,788
HB 6	RRGL - Grants			42,310,000					42,310,000
HB 7	RDGP			5,653,347					5,653,347
HB 8	RRGL - Loans							129,415,000	129,415,000
HB 9	C&A			588,876					588,876
HB 10	LRITP		145,230,218	11,945,193	80,796,205				237,971,616
HB 11	MCEP			31,209,713					31,209,713
HB 11	MCEPRW			10,000,000					10,000,000
Total HB 11		\$0	\$0	\$41,209,713	\$0	\$0	\$0	\$0	\$41,209,713
HB 12	MHPG			11,368,044					11,368,044
Total LRP Bills		\$30,348,785	\$852,370,692	\$294,501,605	\$188,845,068	\$730,000	\$265,228,234	\$129,415,000	\$1,761,439,384

Appropriations and Funding
Total budgets amount to \$1.77 billion.

Bill ● HB10 ● HB11 ● HB12 ● HB5 ● HB6 ● HB7 ● HB8 ● HB817 ● HB856 ● HB872 ● HB9



Long-Range Projects Map

<https://leg.mt.gov/lfd/analyses-reports/>

Questions?

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<https://leg.mt.gov/lfd/special-topics/>

