

NATURAL RESOURCES PROJECTS ACCOUNT

Section F

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Long-Range Building Program	Renewable Resource Grant & Loan Program
State Building Energy Conservation Program	Reclamation & Development Grants Program
Long-Range Information Technology Program	Cultural & Aesthetic Grant Program
Montana Coal Endowment Program	Montana Historic Preservation Grant Program
Montana Coal Regional Water Program	

-----Committee Members-----

House

Representative John Fitzpatrick (Chair)
Representative Scott Rosenzweig
Representative Paul Tuss
Representative Mike Vinton

Senate

Senator John Esp (Vice Chair)
Senator Ellie Boldman

-----Fiscal Division Staff-----

Erica Thomas

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Funding

The natural resource projects account funds appropriations for natural resource grants and projects authorized by the legislature. Primary programs funded through the account are the RRGL and the RDGP programs. The account receives the income from the following sources:

- Interest income of the resource indemnity trust (RIT) fund as provided in and subject to the conditions of 15-38-202, MCA (\$3.2 million, when interest earnings are sufficient, each fiscal year for the purpose of making grants)
- Resource indemnity and ground water assessment tax (RIGWA) under provisions of 15-38-106, MCA (50% of the remaining proceeds, after appropriations for CIRCLA debt service, and \$366,000 to the groundwater assessment account, for the purpose of making grants)
- Oil and gas production tax as provided in 15-36-331, MCA (2.16% of oil and natural gas production taxes remaining after the distributions pursuant to subsections (2) and (3))
- Excess coal severance tax proceeds allocated by 85-1-603 (Bond Pool Transfer), MCA, to the renewable resource loan debt service fund (above debt service requirements as provided in and subject to the conditions of 85-1-619, MCA)

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Figure 18

Natural Resource Project Account Fund Balance Analysis - 2027 Biennium Fund 02577					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	2027 Biennium Projected
Available Balance	\$18,956,192	\$48,157,549	\$600,757	(\$7,390,101)	\$600,757
Revenue Projections¹					
RIT Interest Earnings	\$ 2,529,536	\$ 3,048,922	\$ 2,410,292	\$ 3,200,000	\$ 5,610,292
Resource Indemnity & Groundwater	\$ 2,268,369	\$ 1,894,738	\$ 1,388,128	\$ 1,248,114	\$ 2,636,242
Oil and Gas Tax	\$ 1,541,945	\$ 1,514,112	\$ 1,603,460	\$ 1,645,057	\$ 3,248,517
Other Revenues	\$ 22,250	\$ 1,000	\$ -	\$ -	\$ -
HB 6 General Fund Transfer	\$ 26,000,000	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 32,362,100	\$ 6,458,772	\$ 5,401,880	\$ 6,093,171	\$ 11,495,051
RRGL Appropriations - HB 6					
Emergency Grants	\$ 108,725	\$ 191,275	\$ 250,000	\$ 250,000	\$ 500,000
Project Planning Grants	\$ 247,843	\$ 3,252,158	\$ 1,000,000	\$ 1,000,000	\$ 2,000,000
Irrigation Development Grants	\$ 30,000	\$ 470,000	\$ 250,000	\$ 250,000	\$ 500,000
Watershed Grants	\$ -	\$ 500,000	\$ -	\$ -	\$ -
Private Grants	\$ 37,952	\$ 62,048	\$ 75,000	\$ 75,000	\$ 150,000
Nonpoint source pollution reduction grants	\$ -	\$ 2,500,000	\$ 500,000	\$ 500,000	\$ 1,000,000
Project Grants Infrastructure	\$ 572,065	\$ 5,777,935	\$ 2,625,000	\$ 2,625,000	\$ 5,250,000
Project Grants Irrigation	\$ 21,070	\$ 2,538,930	\$ 1,737,250	\$ 1,737,250	\$ 3,474,500
Other Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Biennia	\$ 996,936	\$ 6,036,803	\$ -	\$ -	\$ -
Total RRGL Expenditures/Appropriations	\$ 2,014,591	\$ 21,329,148	\$ 6,437,250	\$ 6,437,250	\$ 12,874,500
RRGL Appropriations - HB 6					
Milk River Project Loan Funding	\$ -	\$ 26,000,000	\$ -	\$ -	\$ -
Total Milk River Project Loan Funding	\$ -	\$ 26,000,000	\$ -	\$ -	\$ -
RDGP Appropriations - HB 7					
Planning Grants	\$ 41,834	\$ 1,958,166	\$ 750,000	\$ 750,000	\$ 1,500,000
Water Storage Pilot Project Planning			\$ 2,650,000	\$ 2,650,000	\$ 5,300,000
Prior Biennia	\$ 1,131,339	\$ 1,088,437		\$ -	\$ -
Current Biennium Grants	\$ 347,790	\$ 3,639,812	\$ 3,555,488	\$ 3,555,488	\$ 7,110,975
Total RDGP Expenditures/Appropriations	\$ 1,520,963	\$ 6,686,415	\$ 6,955,488	\$ 6,955,488	\$ 13,910,975
Total Expenditures/Appropriations	\$ 3,535,554	\$ 54,015,564	\$ 13,392,738	\$ 13,392,738	\$ 26,785,475
Estimated Ending Fund Balance	\$ 47,782,738	\$ 600,757	\$ (7,390,101)	\$ (14,689,667)	\$ (14,689,667)

¹HJ 2 projections

Figure 18 provides the projected balance for the natural resource project fund. The fund is projected to have a beginning balance of \$606,757 for the 2027 biennium. Revenues for the 2027 biennium, as provided in the HJ 2 estimates, are projected to be \$11.5 million. Appropriations from the natural resource projects account are authorized in Title 15, Chapter 38, MCA, which states, "Appropriations may be made from the natural resources projects state special revenue account for grants and loans for designated projects and the activities authorized in 85-1-602, MCA, and 90-2-1102, MCA," the RRGL and RDGP programs.

In the 2027 biennium, the executive budget recommends total appropriations of \$12.9 million for the RRGL program and \$13.9 million for the RDGP program from the natural resource projects fund. The ending fund balance at the end of the 2027 biennium is projected to be (\$14.7 million). Please note that the fund will not go negative, as it is prohibited from spending more than the revenues it brings in. For more information on interest earnings, see page F-4 of this report.

- **Resource Indemnity and Ground Water Assessment Tax**

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Revenue Description

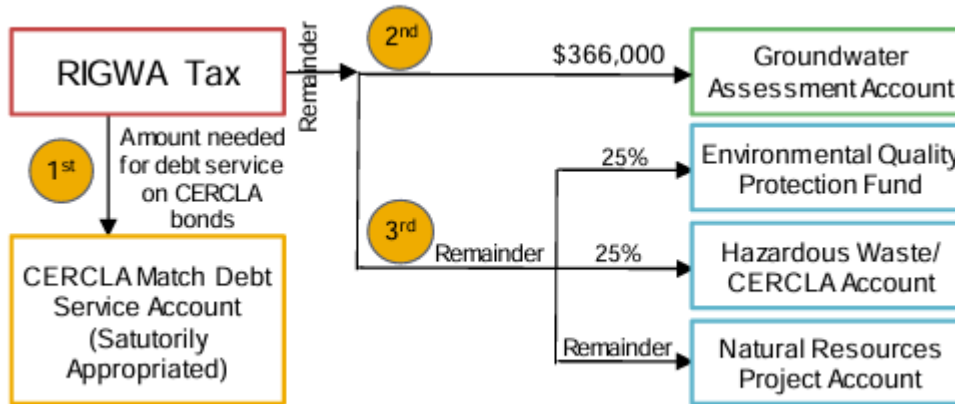
The state imposes a resource indemnity and ground water assessment (RIGWA) tax on the gross value of coal (based on the contract sales price), as well as most minerals, but not gravel, metals, oil, or natural gas

Statutory Reference

Tax Rate – 15-38-104, MCA

Tax Distribution – 15-38-106, MCA

<https://archive.legmt.gov/content/Publications/fiscal/2025-Biennium/Special-Topics/Energy/Resource-Indemnity-Tax.pdf>



Distribution

Beginning FY 2004, the amount needed to cover debt service on Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) bonds (after amounts transferred from the CERCLA cost recovery account) is deposited first to the CERCLA match debt service account. Money is then apportioned in steps 2-3 as shown in the distribution chart.

- **Oil & Natural Gas Production Tax**

Revenue Description

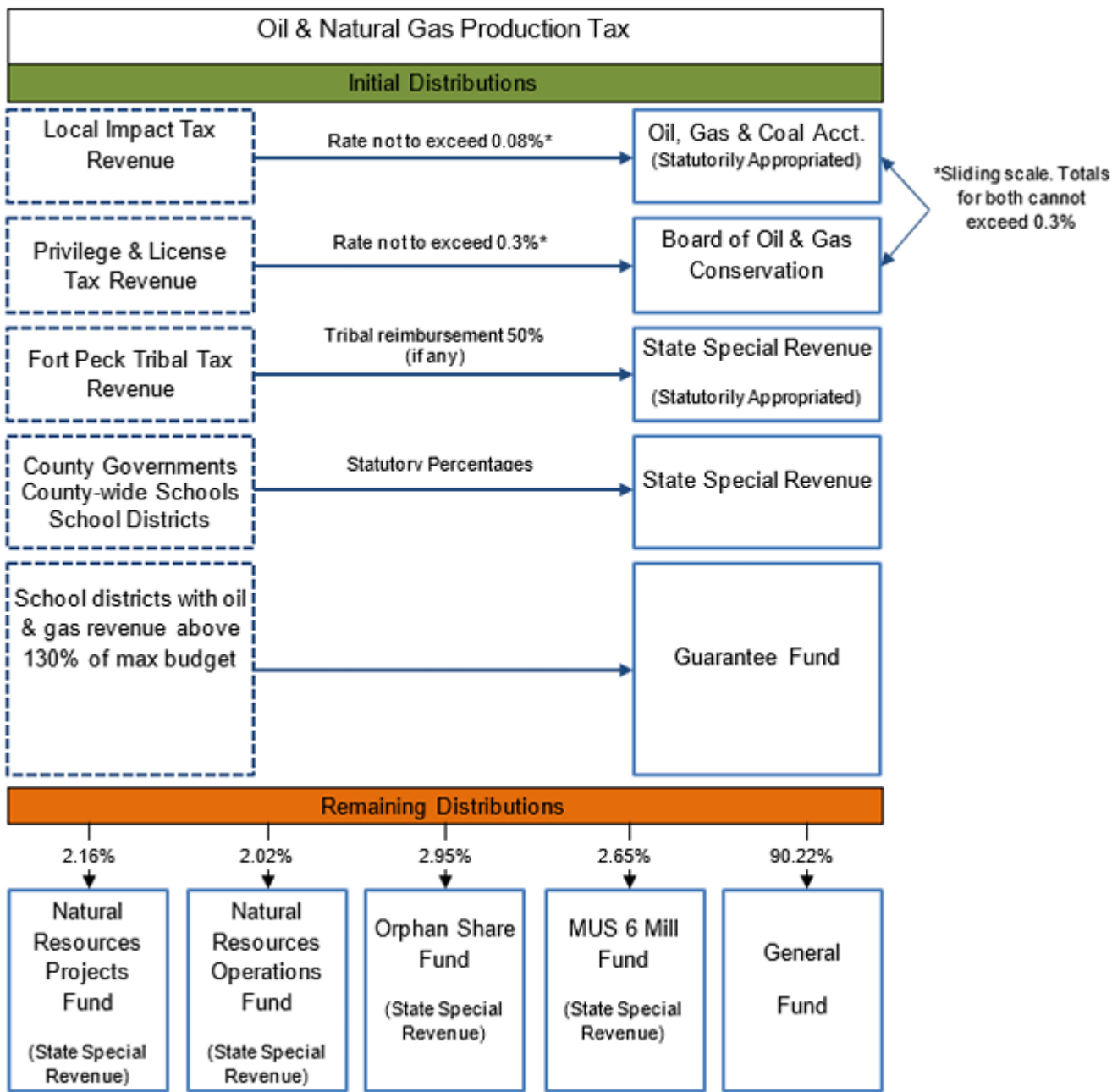
The oil and natural gas production tax is imposed on the production of oil and natural gas in the state. Gross taxable value of oil and natural gas production is based on the type of well and type of production. A portion of the revenue from the tax may be returned to Indian tribes per agreements between DOR and the tribes.

Statutory Reference

Tax Rate – 15-36-304, MCA; Privilege & license tax – 82-11-131, MCA; Administrative Rules 36.72.1242

Tax Distribution – 15-36-331(4), MCA; 15-36-332(2&3), MCA

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<https://archive.legmt.gov/content/Publications/fiscal/2025-Biennium/Special-Topics/Energy/Oil-and-Natural-Gas-Production-Tax.pdf>