



# 2027 Biennium Fiscal Report

A Summary of Financial Decisions from the 2025 Legislative Session

**LEGISLATIVE FISCAL REPORT  
2027 BIENNIUM  
VOLUME 1 – STATEWIDE PERSPECTIVES**

**REPORT FROM THE LEGISLATIVE FISCAL DIVISION  
TO THE SIXTY-NINTH LEGISLATURE  
AUGUST 2025**

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Representative David Bedey  
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## **Acknowledgements**

The Legislative Fiscal Division (LFD) provides non-partisan budget and data analysis to the Montana Legislature, so all lawmakers have objective, accurate, and relevant information to make state financial decisions.

For information on this report and others, contact the Legislative Fiscal Division at (406) 444-2986 or visit the division's website at: <https://leg.mt.gov/lfd/>

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# MONTANA LEGISLATIVE BRANCH

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AMY CARLSON

August 2025

Members of the 69<sup>th</sup> Legislature

Members of the Legislative Finance Committee:

In accordance with the provisions of Section [5-12-302, MCA](#), I submit the Legislative Fiscal Report for the 2027 biennium. The report provides an overview and details of the 2027 biennium budget for the State of Montana adopted by the 69<sup>th</sup> Legislature in the 2025 Session.

The complete fiscal report includes:

- An Overview of Statewide Perspectives – Provides a summary of the 2027 biennium state budget, significant general fund spending, as well as substantial policy adopted by the 2025 Legislature
- Revenue Estimates – Provides the legislative revenue estimates and underlying economic assumptions that were included in HJR 2 and includes new revenue legislation adopted by the legislature
- Agency Budgets – Provide a detailed report of the appropriations for each agency and program contained in the general appropriations act (HB 2) and in other legislation

These volumes are intended as a reference document and historical archive of the legislative budget action for the use of legislators, the public, and state agencies, and generally do not incorporate significant federal action that occurred following the end of the 2025 Session or the impacts of the state fiscal year end.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Amy Carlson".

Amy Carlson  
Legislative Fiscal Analyst

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Property Tax Revenues

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## Purpose

The purpose of this report is to provide legislators and all interested parties with a record of the fiscal actions of the 2025 Legislature (including legislation passed and legislative intent related to fiscal issues) and the fiscal status of state government through the 2027 biennium.

This document reports on the adopted legislative appropriations as defined in [17-7-150, MCA](#): general fund, state special funds, federal funds, and certain proprietary funds. The general fund is the primary fund used for general government purposes such as education, health care, and corrections. All-funds budgets include the general fund plus the other appropriated funds.

## Summary of Key Legislative Action

There are two important metrics typically analyzed for evaluation of the budget: the structural balance and the ending fund balance. Each reflects different aspects of evaluating the budget.

## Ending Fund Balance

Ending fund balance is the anticipated general fund balance at the end of the 2027 biennium, or FY 2027 (June 30, 2027). The ending fund balance is impacted by ongoing and one-time only (OTO) impacts to the general fund.

The 2025 Legislature began the session with an anticipated general fund balance of \$1.0 billion for FY 2025. The forecasted general fund balance at the end of the 2027 biennium, using assumptions for inflation and population related adjustments, was \$2.3 billion. Both levels are historically large ending fund balances. These higher general fund balances have occurred in Montana since the start of the Covid pandemic and are associated with sharp revenue increases.

The fiscal uncertainty associated with the pandemic led the legislature to lean more heavily on one-time expenditures, tax rebates, paying down debt, and putting money into rainy-day funds. These one-time uses of funds have had minimal effect on ongoing operations and thus created surplus structural balance that accumulates in ending fund balance forecasts of present law.

The 2025 Session marks an anticipated return to a more typical pre-pandemic general fund ending fund balance of **\$324.4** million at the end of FY 2027, and structural balances where ongoing revenues and expenditures are closer to one another. This narrowing of structural balance occurred through a combination of ongoing expenditure increases and revenue decreases through tax reductions, while also allocating One-Time-Only (OTO) expenditures which are appropriated for the specified year and do not continue.

The ending fund balance is the amount of general fund remaining at the end of each fiscal year. This results from a combination of all general fund revenue and expenditures and includes OTO expenditures that are appropriated for the specified year and do not continue. Minimum ending fund balances are required by statute to avoid a general fund budget deficit. The general fund ending fund balance is estimated at \$324.4 million for FY 2027. This is less than the beginning balance at the start of FY 2025 of \$1.04 billion, but above the calculated recommended operating reserve of \$293 million as defined in [MCA 17-7-102](#).

## Ending Fund Balance Impacts

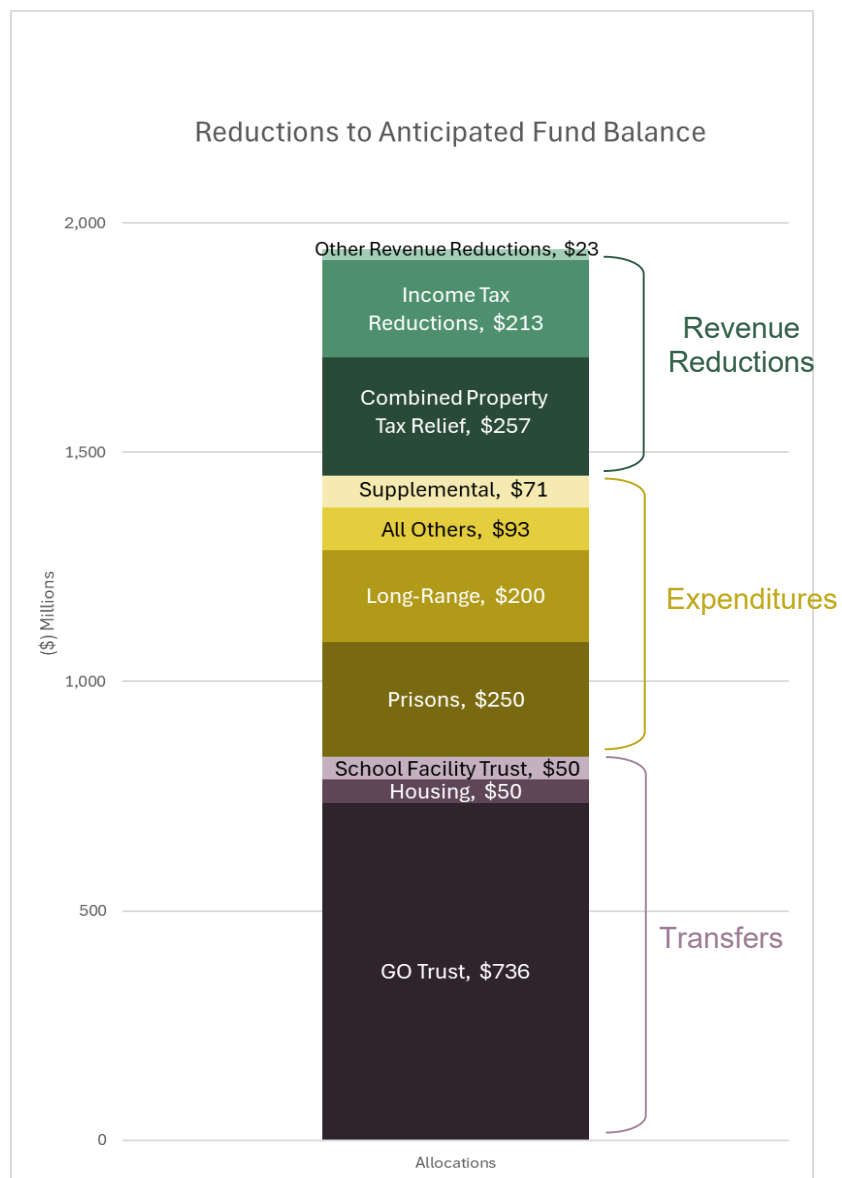
The following chart shows the legislative decision categories to allocate general fund balance for the 2027 biennium. Legislators began with approximately \$2.3 billion general fund present law plus balance as reported in the pre-session Budget Analysis and used nearly \$2.0 billion, leaving a balance of \$324.4 million. Each piece has additional detail split between ongoing and OTO below.

This stack of allocations includes all ongoing and OTO expenditures and bills with revenue impact. 'All Other' is a catch-all for expenditure or transfer impacts to the general fund balance. This category primarily consists of other bills not specifically named and adjustments to HB 2.

There are 3 primary uses of the funds:

- 1) Transfers to trust balances in the purple-colored section total \$836 million with the largest trust balance increase from HB 924 into the Growth and Opportunity (GO) Trust of \$736 million. The School Facility portion of the Coal trust and the Housing fund were each increased by \$50 million.
- 2) Expenditures of general fund balance in the yellow-colored section totaled \$614 million with the largest of these expenditures being for one-time purposes of long-range investments state infrastructure in buildings and information technology.
- 3) Revenue reductions in the green-colored section totaled \$493 million and were primarily comprised of one-time and ongoing property tax reductions and ongoing income tax reductions in the second year of the biennium.

These allocations of fund balance impacts are comprised of both ongoing and one-time allocations. The one-time allocations do not reoccur each year, but ongoing changes continue and impact the structural balance. The following sections break these items apart into ongoing and one-time impacts.



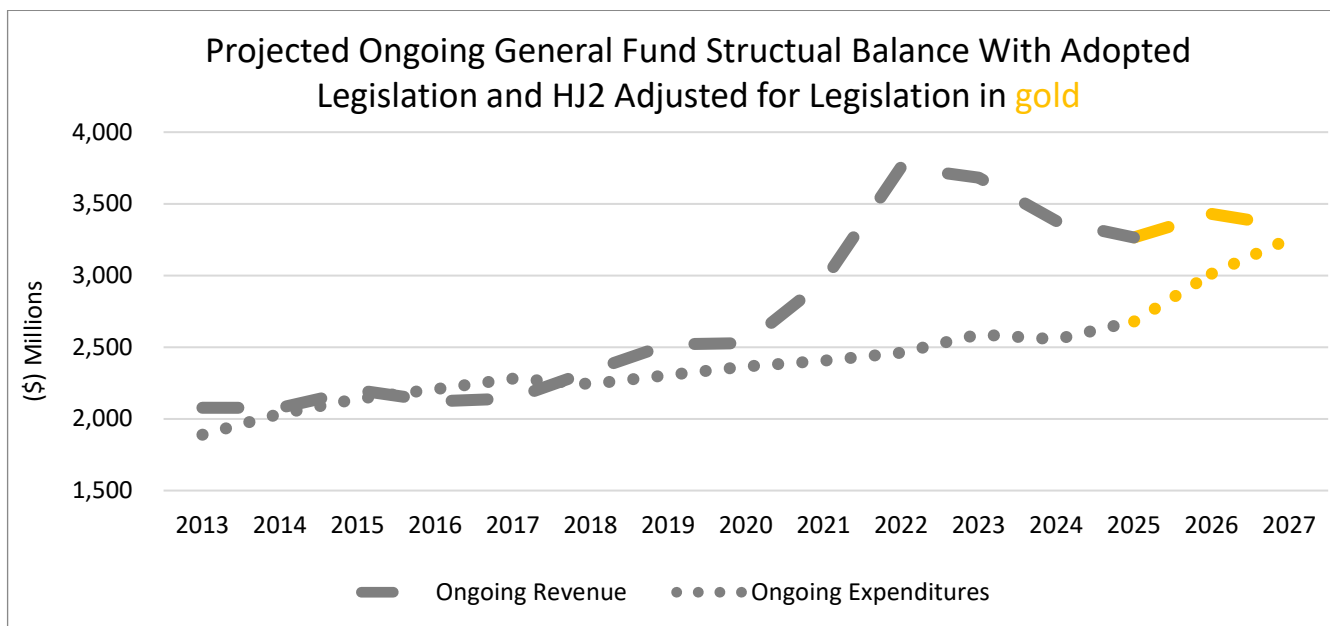


## Ongoing Allocations - Structural Balance

Structural balance is defined as ongoing revenues minus ongoing expenses. The state uses structural balance in the second year of the biennium as an indicator of strength for the next budget cycle.

The structural balance changing from \$586.5 million in FY 2025 to an expected \$86.8 million at the end of the biennium in FY 2027 is a significant shift. Prior to FY 2020 general fund revenues and expenditures were quite close, leading to small structural balances. The post-Covid period, when revenues increased rapidly without corresponding increases in ongoing expenditures, was marked by historically high structural balances.

Revenue reductions, such as those in HB 337 and increases in ongoing spending have closed the gap between revenue and expenditures, returning structural balance in FY 2027 to something more similar to a pre-Covid level. If session expectations for FY 2027 hold<sup>1</sup>, this will start the 2027 Legislature with a more modest structural balance than has been the case since the revenue increase began in FY 2021.



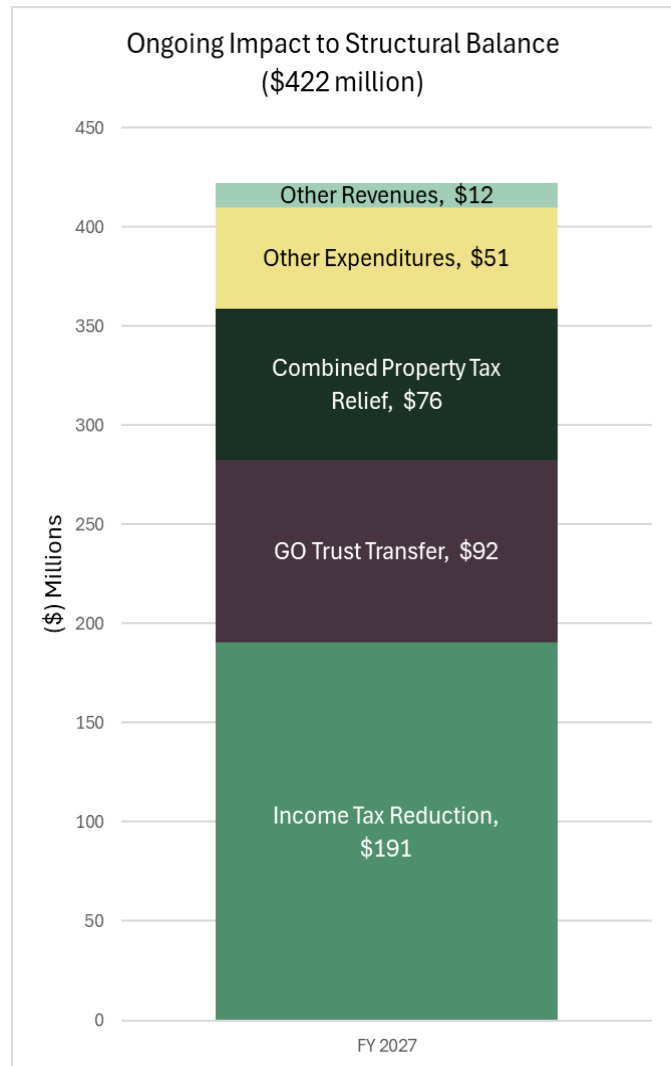
Of the nearly \$1.8 billion allocated by the legislature over the biennium, \$1.3 billion was allocated as OTO and \$500 million was allocated as ongoing. The majority of the ongoing amounts are in FY 2027 and will continue into the next biennium. Most of these allocations are in a limited number of bills described below.

<sup>1</sup> Note that other changes are anticipated from later impacts of legislation through FY 2029. Federal action in H.R. 1 will also have negative impacts to anticipated structural balance.

## Ongoing Impacts to Structural Balance: \$422 Million in FY 2027

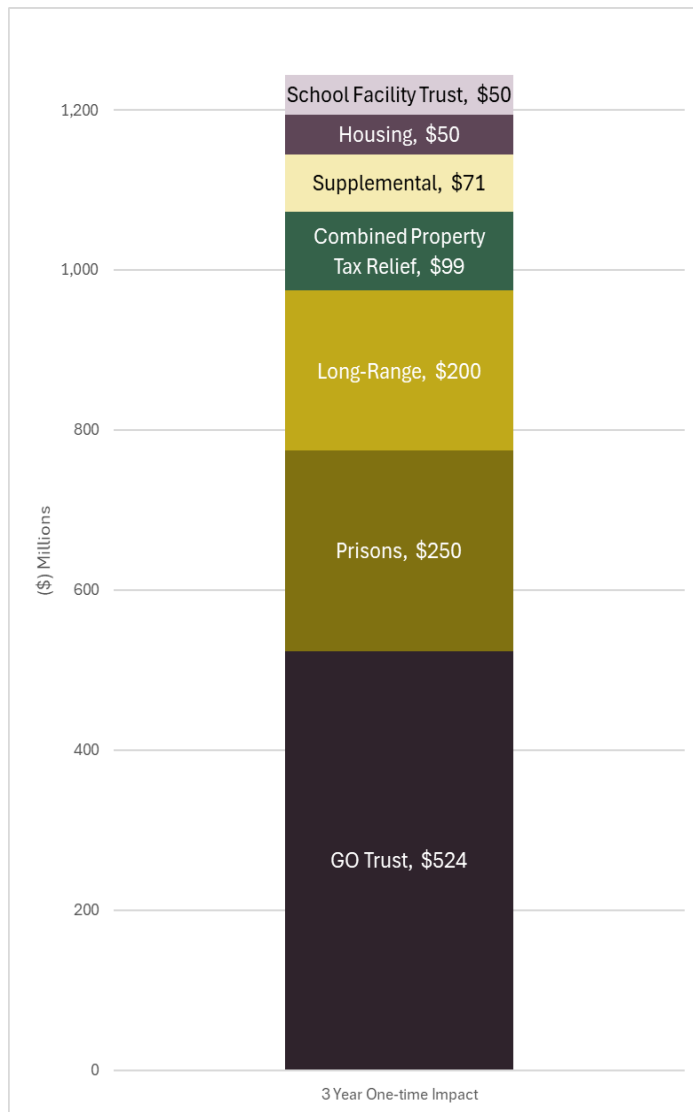
In the last year of the biennium, FY 2027, ongoing allocations of general fund total \$422 million.

- 1) The largest ongoing impact to the general fund structural balance is the income tax reduction of \$191 million in HB 337.
- 2) The second largest is the ongoing transfer to the GO Trust of \$92 million in HB 924. As described on page 60, the transfers to the GO Trust may be reduced or eliminated if the general fund balance is lower than the statutorily recommended levels, thus are less mandatory than other areas of the budget.
- 3) Property tax relief items total \$76 million in the combination of passed and approved property tax legislation
- 4) Other ongoing expenditure items total \$51 million in HB 2 and other legislation
- 5) Other revenue reduction impacts total \$12 million



## One-time Allocations of Fund Balance: \$1.25 Billion in the 2027 Biennium

Biennial OTO expenditures of general fund totaled \$1.25 billion, primarily due to trusts, infrastructure, and property tax rebates. Bills appropriated in HB 2 are included in the HB 2 analysis below.



General Fund OTO expenditures consist of:

A) A transfer from the general fund to the GO Trust for \$524 Million. This is a new trust and is explained later in this document or with more detail [here](#).

B) Funding of \$250 million to increase correctional capacity and adjust capacity to meet expected needs.

C) One-time rebates of up to \$400 per primary Montana resident in the form of property tax rebates which amounts to an anticipated \$99 million.

D) A \$50 million transfer to the school facility trust, bringing the trust closer to its \$300 million cap. The interest from this trust flows to the school facility and technology account.

E) A \$50 million transfer to the Montana housing infrastructure revolving loan fund which provides infrastructure loans to facilitate residential development.

F) A \$39 million transfer on an as-needed basis to the long-range information technology program and \$161 million for state facilities. Of that, \$150.0 million was provided for a 512-bed expansion of the Montana State Prison to house lower-risk offenders for a total of \$200 million for infrastructure investments in addition to the \$250 million in item B.

G) An appropriation of \$71 million for supplemental needs intended to provide necessary and ordinary expenditures for the fiscal year ending June 30, 2025. HB 3 has a full list of these appropriations.

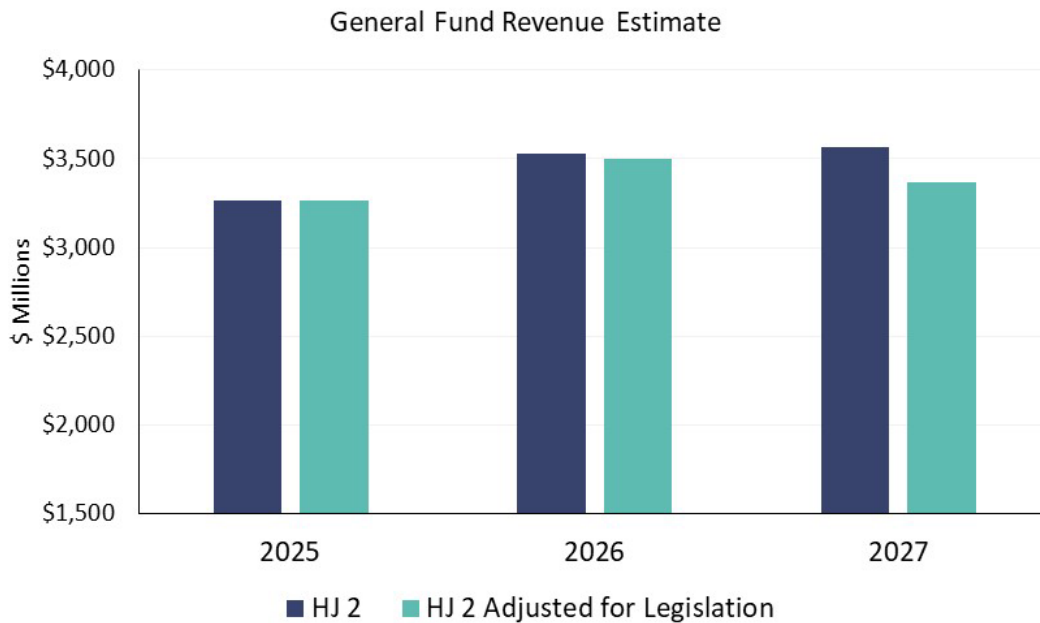
## General Fund Balance Sheet: Ending Fund Balance and Structural Balance Projected through the 2027 Biennium

2027 Biennium General Fund Balance Sheet				
<i>All values in millions of dollars</i>				
Item	Fiscal Year	2025	2026	2027
<b>Beginning Fund Balance</b>		<b>\$1,039.0</b>	<b>\$491.4</b>	<b>\$550.3</b>
<b>Revenues</b>				
HJ 2 Revenues				
Ongoing		3,266.4	3,462.8	3,545.0
OTO		0.0	68.8	22.2
2025 Session Legislation Rev		0.0	0.0	0.0
Ongoing		(0.5)	(33.1)	(202.8)
OTO		0.0	(0.2)	0.4
<b>Total Funds Available</b>		<b>4,305.0</b>	<b>3,989.7</b>	<b>3,915.2</b>
<b>Expenditures</b>				
Statutory Appropriations		333.3	338.4	347.2
Non-Budgeted Transfers		59.3	11.4	125.6
HB 2		0.0	0.0	0.0
Ongoing		2,243.1	2,434.6	2,537.0
OTO		53.4	38.4	29.9
2025 Session Legislation Appropriations and Transfers		0.0	0.0	0.0
Ongoing (Appropriations)		9.7	51.5	91.0
Ongoing (Transfers)		0.0	120.4	92.0
OTO (Appropriations)		71.3	120.5	22.8
OTO (Transfers)		576.0	267.6	217.6
Assumed Appropriations (school BASE aid and HB 1)		0.0	0.0	0.0
Ongoing		0.0	65.5	72.0
OTO		0.0	0.0	0.0
2023 Session Legislation		0.0	0.0	0.0
Ongoing		40.3	0.0	0.0
OTO		433.3	0.0	88.0
FY27 OTO Revenue Adjustment		0.0	0.0	(22.9)
Reversions		(6.3)	(9.0)	(9.4)
<b>Total Expenditures</b>		<b>3,813.6</b>	<b>3,439.3</b>	<b>3,590.8</b>
<b>Ending Fund Balance</b>		<b>\$491.4</b>	<b>\$550.3</b>	<b>\$324.4</b>
<b>Structural Balance</b>		<b>\$586.5</b>	<b>\$416.8</b>	<b>\$86.8</b>

Included in this balance sheet are appropriations that are assumed but were not specifically appropriated by the 2025 legislature. This includes \$11.3 million in FY 2027 for the next legislative session that will likely occur with HB1 for the 2027 Legislature. It also includes an expected \$126.2 million supplemental appropriation for BASE Aid payments to schools through the Office of Public Instruction. BASE Aid is formulaic and uses the revenue from the statewide property tax prior to using general fund. The property tax relief bills passed at the end of session by the legislature are expected to reduce the amount of revenue available from property tax collections, however, no corresponding general fund appropriation was authorized to offset this reduction, so a supplemental is expected and included in these calculations.

## General Revenues *Through the 2027 Biennium*

Following strong revenue growth in FY 2021 and FY 2022, primarily due to pandemic-driven federal stimulus and high inflation, general revenue growth remained relatively flat through FY 2024. The lack of growth was due to both an end to pandemic-driven federal stimulus as well as income tax reductions from the 2021 Legislative Session. Due to additional income tax reductions from the 2023 and 2025 Legislative Sessions, revenues in HJ 2 are expected to slightly decline in FY 2025 and then again in FY 2027 once HB [337](#) is fully implemented. The figure below shows the general fund revenue forecast (HJ 2) that was adopted as well as the estimate after adjusting for impacts of the 2025 Session.



Since the end of the 2025 Session, final FY 2025 revenues have been reported and HR 1 was passed at the federal level, both of which will impact Montana's revenues and balances moving forward. As is always the case, significant changes in underlying economic conditions can also impact future revenue collections.<sup>2</sup>

<sup>2</sup> The underlying economic data from S&P Global used in the revenue estimating process and the adopted HJ 2 assumed that the United States would experience slow, below-average economic growth throughout the 2027 biennium. HJ 2 was adopted in November of 2024 and remained unchanged throughout the 2025 Session. By the end of the 2025 Session, the baseline forecast called for a "growth recession", a period of below-potential growth and rising unemployment. While S&P did not forecast a recession in their April baseline forecast, they stated that "...this is a very close call". Any recession will likely impact FY 2026 and/or FY 2027, though it is more likely it would impact FY 2027 as a decrease in revenue collections often lags the onset of a recession.

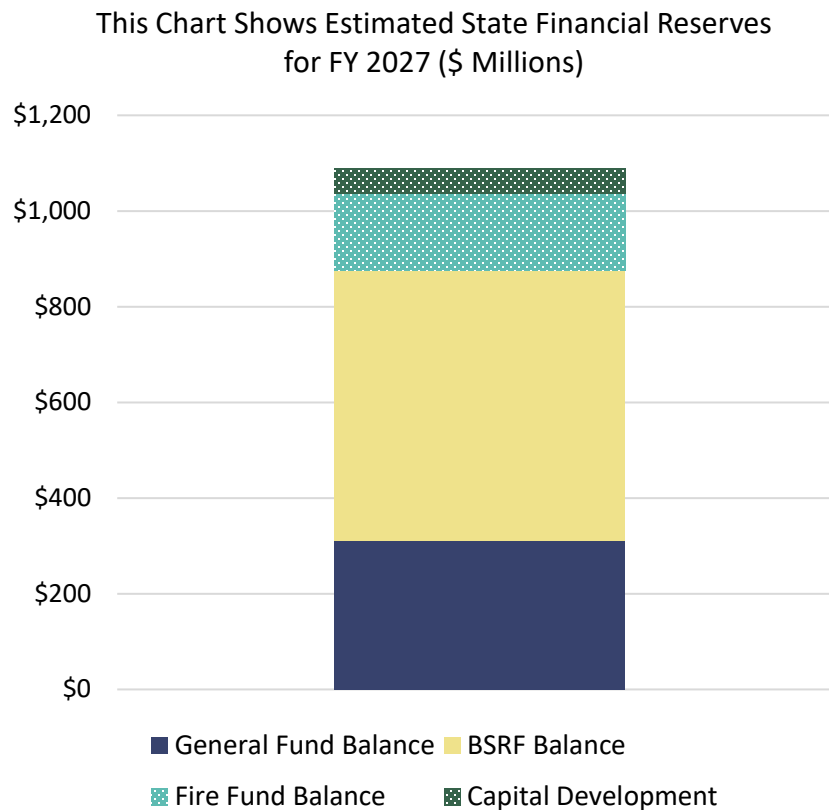
FYE 2025 general fund revenue collections exceeded the estimate in HJ 2 by \$193.3 million.

In addition to risks from a downturn in the economy, which are always present to some degree, Montana's revenue collections during this biennium will decrease due to changes in federal tax policy. On July 4, 2025, House Resolution 1 (H.R.1) was signed into law. Included in H.R. 1 are multiple changes to federal individual income tax policy that impact Montana collections.

H.R. 1 increased the standard deduction for all filers, provided an enhanced deduction for seniors, and provided deductions for car loan interest, tips, and overtime hours. Furthermore, it allowed for a charitable contribution deduction for those who do not itemize. While there is limited Montana-specific data on overtime hours and outstanding auto-loan debt, it is estimated that the combined impact of these provisions will decrease Montana's individual income tax collections by \$100 million to \$120 million per year. Furthermore, due to the retroactive nature of many of these provisions, they will decrease individual income tax collections in FY 2026, likely in the form of higher-than-expected refunds in April of 2026.

## State Financial Tools for Managing Finances

In addition to the estimated general fund balance of \$324.4 million, other financial tools<sup>3</sup> are available for managing volatility in revenues and expenditures, like the budget stabilization reserve fund, the wildfire suppression fund, and the capital development fund. The following graphic shows the estimated reserve balances. The patterned items, fire fund and capital development fund, while still available for the legislature to appropriate for use in a financial crisis, are generally intended by the legislature to be utilized for the purposes for which they were created.



## RESERVE BALANCE TRANSFERS AND USE

### Wildfire Suppression Fund

Montana funds fire suppression with the wildfire suppression state special revenue account. The wildfire suppression account was established by the legislature in 2008 and is statutorily appropriated to the

<sup>3</sup> The legislature took several steps during the 2025 Session to arrange a response to potential fiscal challenges. HB 863 encourages the governor to call a special session if certain federal actions occur which reduce federal funds to the state or reduce anticipated general fund revenues and includes a contingent appropriation of \$280,000 for a special session in the 2027 biennium. HB 2 includes a contingent appropriation of \$100,000 general fund for additional Legislative Finance Committee meetings if federal action significantly impacts the state budget.



Department of Natural Resources (DNRC) for wildfire mitigation, wildfire season preparedness, equipment purchases, and wildfire suppression. The fund receives transfers from the general fund.

In odd-numbered years, if the balance in the account is at least 3.0% of general revenue appropriations<sup>4</sup> in the second year of the biennium, (about \$105 million for the 2027 biennium) then up to an amount equivalent to 1.0% of general revenue appropriations (about \$35 million) may be used for fuels reduction, wildfire mitigation, and related purposes (forest restoration; grants to county cooperatives for fire suppression equipment; federal lands forest management; collaborative support; road maintenance on federal lands; and fire preparedness.)

The passage and approval of HB 127 (2025 Session) makes permanent a formerly temporary provision which provided support for fire preparedness through a statutory appropriation of up to 0.5% of all general revenue appropriations in the second year of the biennium.

Further, in even-numbered years, if the state general fund ending fund balance exceeds 8.3% of operating reserve, then the state treasurer is authorized to transfer general fund to the wildfire suppression up to 6.0% of all general revenue appropriations in the second year of the biennium, provided the general fund does not dip below its recommended operating reserve.

## **Budget Stabilization Reserve (BSRF) and Capital Development (CD) Funds**

### *Budget Stabilization Reserve Fund (BSRF)*

In times of economic volatility, if the Governor's Budget Director certifies a projected general fund deficit, the Governor may authorize transfers from the BSRF to the state general fund of \$3 for every \$1 of state general fund expenditure reductions but may not authorize a transfer if the BSRF is below 6.0% of all general fund appropriations in the second year of the biennium. The BSRF balance is capped at 16.0% of second-year general revenue appropriations. The balance at FYE 2025 was about \$521.8 million.

### *Capital Development (CD Fund)*

The CD fund may be used to retire debt, forego, or reduce general obligation bonds paid by the general fund, or pay down the principal, interest, and premiums. In the 2023 Legislative Session the legislature further defined when the CD fund could be used for costs and fees associated with redeeming or defeasing outstanding general obligation bonds paid by the general fund. The forecasted ending fund balance for FY 2027 is \$53.5 million. Further detail on the CD fund follows in the Long-Range Planning section below.

## **2025 Biennial Comparison – 17-7-151, MCA**

The biennial comparison is provided in accordance with the requirements for content and comparison to the previous biennium contained in [17-7-151, MCA](#). This analysis considers all appropriations and eliminates duplicate expenditures in order to get as accurate of a comparison as possible. Compared to the 2025 biennium budget, the 2027 biennium budget grew 0.7%. This is a small biennial growth, coming in under inflation. There are offsetting factors leading to this level of growth. HB 2 for example grew by 10.9% while statutory and other appropriation bills declined due in large part to decreases in OTO appropriations and rebates that were especially high in the 2025 biennium due to historically high

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<sup>4</sup> "General revenue appropriations" meaning defined in 17-7-102, Montana Code Annotated.

ending and structural balances post COVID. The table shows the appropriation comparison between the 2023 biennium and the 2025 biennium in greater detail.

Biennial Comparison August 2025 (\$ Millions)					
	Appropriated 2023 Biennium	Appropriated 2025 Biennium	Appropriated 2027 Biennium	2023 to 2025 Biennial Change	2025 to 2027 Biennial Change
<b>Comparables</b>					
HB 2					
General Fund	\$4,541.2	\$4,349.1	\$5,039.8	(4.2%)	15.9%
State Special Revenue	1,831.5	2,936.7	3,627.0	60.3%	23.5%
Federal Special Revenue	6,195.1	7,182.8	7,318.3	15.9%	1.9%
Appropriated Proprietary	27.3	29.2	472.2	7.0%	1515.5%
Subtotal HB 2	12,595.1	14,497.9	16,457.2	15.1%	13.5%
Transfers HB 2	(89.9)	(65.1)	(445.1)	(27.6%)	584.0%
Net Subtotal HB 2	12,505.2	14,432.8	16,012.2	15.4%	10.9%
Statutory Appropriations (LFD Estimates)					
General Fund	626.2	904.3	785.5	44.4%	(13.1%)
State Special Revenue	488.8	1,466.3	833.4	200.0%	(43.2%)
Federal Special Revenue	207.9	245.5	291.5	18.1%	18.7%
Appropriated Proprietary & Capital Projects	182.1	205.3	291.8	12.8%	42.1%
Subtotal Statutory	1,505.0	2,821.5	2,202.2	87.5%	(22.0%)
Transfers & Debt Service Statutory	(50.8)	(20.5)	(16.5)	(59.6%)	(19.5%)
Net Subtotal Statutory	1,454.3	2,801.0	2,185.7	92.6%	(22.0%)
Other Appropriation Bills (2023 biennium excludes ARPA)	452.7	2,071.1	1,376.0	357.5%	(33.6%)
Net Subtotal Other Appropriation Bills	452.7	2,071.1	1,376.0	357.5%	(33.6%)
HB 2 Language Appropriations*	352.2	459.1	0.6	30.4%	(99.9%)
Transfers Language Appropriations	(116.3)	(331.1)	0.0	184.7%	(100.0%)
Net Subtotal Language Appropriations	235.9	128.0	0.6	(45.7%)	(99.5%)
Total Comparables	\$17,285.5	\$19,432.9	\$19,574.5	12.4%	0.7%
*HB 2 Language Approps are almost exclusively included in HB 2 for the 2027 Biennium.					
<b>Non-Comparable</b>					
HB 4	401.7	1,110.9	1,429.7	176.6%	28.7%
HB 3 (plus HB 835, 2023 session)	311.9	237.9	76.1	(23.7%)	(68.0%)
HB 1 & other	13.0	16.5	19.1	26.5%	16.0%
Total Non-Comparable Items	\$727.0	\$1,365.3	\$1,524.9	87.8%	11.7%

NOTE: Statutory definitions in 17-7-151 dictate this calculation which excludes the appropriations LFD is assuming for next session's HB1 in FY 2027 and the expected BASE Aid supplemental, both of which are carried on the Balance Sheet above and described in more detail below that sheet. If these were included here the total comparables growth would be 1.4%

## Biennial Comparison Differences Between 2027 Appropriations and 2025 Appropriations

The unprecedented availability of unassigned general fund and capital development fund balances in the 2025 biennium led to large expenditures and rebates, much of which declined in the 2027 biennium. This decline combined with increases in HB 2 contributed to the relatively modest 0.7% growth in appropriations compared to the 2025 biennium appropriations.

The following budget highlights demonstrate the legislative appropriation choices:

- Contractor payments in the Department of Transportation for \$127.3 million, consisting of \$17.1 million or 13.4% state special revenue and \$110.2 million or 86.6% federal special revenue (HB 2)
- The legislature adopted \$108 million of general fund local assistance authority for increased teacher pay, which will be directed to the bottom one-third of the teacher pay scale in each school district through state grants. (HB 252)
- Appropriations above \$763.5 million in statewide capital development, water and wastewater, and information technology infrastructure projects are included in this budget but will be spent beyond the 2027 biennium
- Appropriations of \$250 million for additional correctional capacity. (HB 833)
- Appropriations of \$150.7 million for employee pay increases (HB 13)
- Statutory appropriations of approximately \$99 million for one-time-only property tax rebates to Montana residents. While an additional portion of property tax relief is in HB 2, the biennial comparison does not include the full impact of property tax relief as described in the NOTE below the comparison.
- Per statutory definition this does not include transfers such as those to trusts, those are shown on the balance sheet.

### **General Fund Outlook *Forecast – Through FY 2029***

The following analysis of the general fund outlook through FY 2029 includes several assumptions made by the Legislative Fiscal Division and the Office of Budget and Program Planning for FY 2028 and FY 2029. This analysis reflects updated fiscal notes from the Office of Budget and Program Planning that were not available during session. The primary difference is in the fiscal note of the estimated impact of the combined property tax package passed by the legislature. The forecast of structural balance and ending fund balance is lower than previously reported.

As the next biennium unfolds, more information on potential changes will become available, including the base of higher revenues collected in FY 2025 and federal action impacts to Montana's revenues and expenditures. Updated information will inform the ability of the legislature and governor to make policy choices in the 2027 Legislative Session that will adjust this structural balance and ending fund balance forecast.

## General Fund Outlook

*All values in millions of dollars*

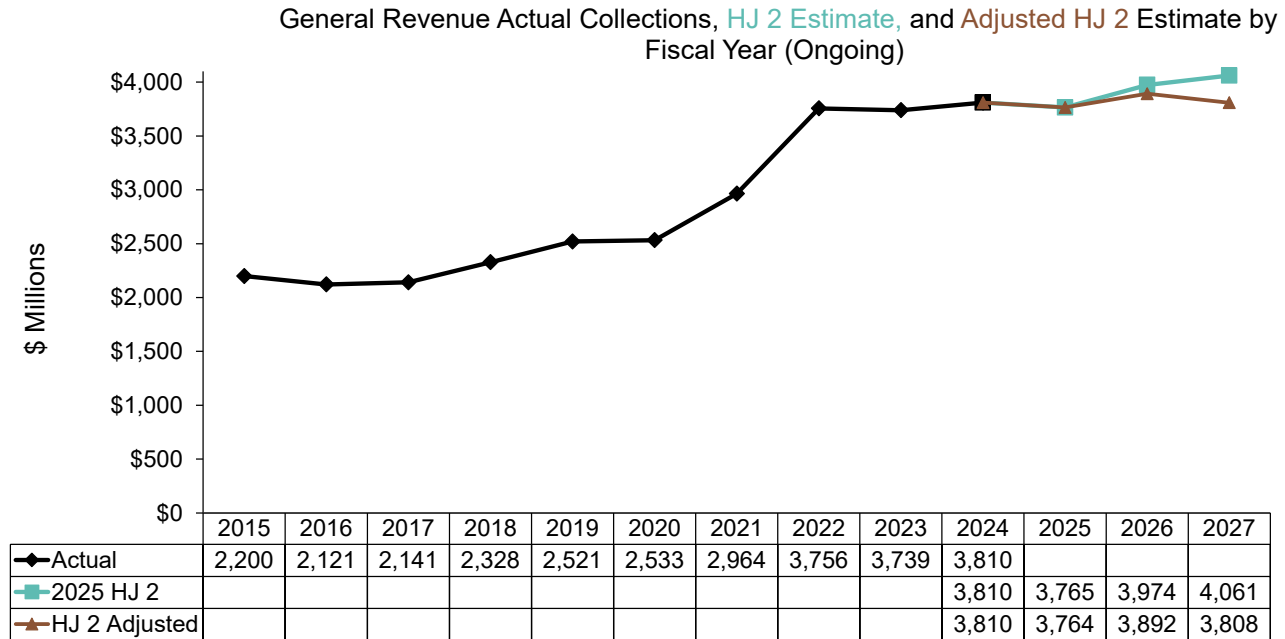
This document illustrates the **current** status of anticipated revenues and expenditures through FY 2029. The chart illustrates **structural balance**, or the relationship between ongoing revenues and ongoing expenditures.

<b>Fiscal Year</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>2029</b>
Beginning Fund Balance	\$1,039.0	\$491.4	\$550.3	\$324.4	\$341.9
<b>Revenue</b>					
HJ 2 Revenues					
Ongoing	3,266.4	3,462.8	3,545.0	3,630.0	3,755.8
OTO	0.0	68.8	22.2	18.5	0.0
2025 Session Legislation - Revenue	0.0	0.0	0.0	0.0	0.0
Ongoing	(0.5)	(33.1)	(202.8)	(279.8)	(290.3)
OTO	0.0	(0.2)	0.4	0.3	0.0
Total Funds Available	4,305.0	3,989.7	3,915.2	3,693.3	3,807.5
<b>Expenditure</b>					
Statutory Appropriations	333.3	338.4	347.2	353.0	362.3
Non-Budgeted Transfers	59.3	11.4	125.6	10.9	112.2
HB 2	0.0	0.0	0.0	0.0	0.0
Ongoing	2,243.1	2,434.6	2,537.0	2,738.1	2,841.4
OTO	53.4	38.4	29.9	0.0	0.0
2025 Session Legislation - Outlay	0.0	0.0	0.0	0.0	0.0
Ongoing	9.7	237.5	255.1	259.5	313.4
OTO	647.3	388.1	240.4	0.0	0.0
2023 Session Legislation	0.0	0.0	0.0	0.0	0.0
Ongoing	40.3	0.0	0.0	0.0	0.0
OTO	433.3	0.0	88.0	0.0	0.0
Adjust transfer for legislation	0.0	0.0	(22.9)	0.0	0.0
Reversions	(6.3)	(9.0)	(9.4)	(10.1)	(10.6)
Total Expenditures	3,813.6	3,439.3	3,590.8	3,351.4	3,618.7
General Fund Ending Fund Balance	\$491.4	\$550.3	\$324.4	\$341.9	\$188.8
Structural-Including Potential Approps	\$586.5	\$416.8	\$86.8	(\$1.2)	(\$153.1)

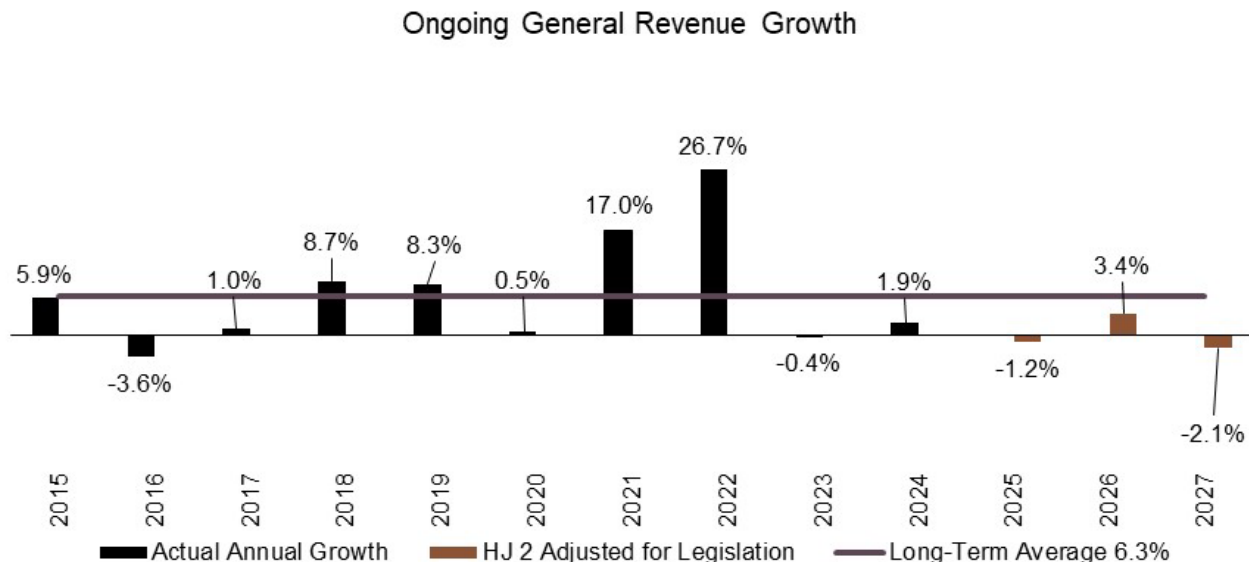
# STATE REVENUES

## General Revenue Estimates Adjusted for Legislation

The revenue forecasting picture remained unchanged throughout the course of the legislative session and ultimately the initially adopted HJ 2 was the finalized estimate. The following chart illustrates actual collections from FY 2015 to FY 2024, the **adopted HJ 2** estimated revenue for FY 2025 to FY 2027, and the **HJ 2 estimate adjusted for legislation**.



The bar chart below shows historical general fund year-over-year growth rates as well as growth rates associated with the HJ 2 estimate. Currently, ongoing HJ 2 (adjusted for the 2025 Session legislation) revenues are anticipated to decrease by 1.2% in FY 2025, grow by 3.4% in FY 2026, and decrease by 2.1% in FY 2027. The average growth of general revenues between FY 2015 and FY 2024 is 6.30%.



## Legislative Action

The table below summarizes the general revenue impacts of revenue-related legislation enacted by the 69<sup>th</sup> Legislature by revenue source. If more than one bill impacted a certain revenue source, the cumulative impact of the enacted bills is shown for each revenue source. For the three-year outlook period, the enacted legislation decreased general fund by \$236.1 million.

When including impacts to the state-levied 95 mills which are deposited into the School Equalization and Property Tax Reduction (SEPTR) state special revenue fund, the three-year total is a reduction of \$335.8 million.

General Revenue Legislation Impacts of the 69th Legislature (\$ Millions)						
Source of Revenue	Estimated FY 2025	Estimated FY 2026	Estimated FY 2027	Estimated 2025 Bien.	Estimated 2027 Bien.	Estimated 3-Yr Total
<b>Largest Seven Sources</b>						
Individual Income Tax	(0.461)	(\$21.103)	(\$191.467)	(\$0.461)	(\$212.570)	(\$213.031)
Property Tax (General Fund)	-	(11.617)	(10.912)	\$0.000	(\$22.529)	(22.529)
Property Tax (SEPTR)	-	(49.350)	(50.285)	\$0.000	(\$99.635)	(99.635)
Corporation Income Tax	-	0.018	0.018	-	0.036	0.036
Vehicle Taxes & Fees	-	0.002	0.004	-	0.007	0.007
Oil & Natural Gas Production Tax	-	-	-	-	-	-
Insurance Tax & License Fees	-	0.032	0.320	-	0.352	0.352
Video Gambling Tax	-	-	-	-	-	-
<b>Other Business Taxes</b>						
Driver's License Fee	-	(0.009)	(0.009)	-	(0.019)	(0.019)
Investment License Fee	-	0.002	0.002	-	0.004	0.004
Lodging Taxes	-	-	-	-	-	-
Public Contractors Tax	-	-	-	-	-	-
Railroad Car Tax	-	-	-	-	-	-
Rental Car Sales Tax	-	-	-	-	-	-
Telecommunications Excise Tax	-	-	-	-	-	-
<b>Other Natural Resource Taxes</b>						
Coal Severance Tax	-	(2.211)	(2.197)	-	(4.408)	(4.408)
Electrical Energy Tax	-	-	-	-	-	-
Metalliferous Mines Tax	-	-	-	-	-	-
US Mineral Royalty	-	-	-	-	-	-
Wholesale Energy Tax	-	-	-	-	-	-
<b>Other Interest Earnings</b>						
Coal Trust Interest	-	2.068	2.192	-	4.260	4.260
Treasury Cash Account Interest	-	-	-	-	-	-
<b>Other Consumption Taxes</b>						
Beer Tax	-	-	-	-	-	-
Cigarette Tax	-	-	-	-	-	-
Liquor Excise & License Tax	-	-	-	-	-	-
Liquor Profits	-	-	-	-	-	-
Lottery Profits	-	(0.021)	(0.021)	-	(0.043)	(0.043)
Marijuana Tax	-	(0.740)	(1.131)	-	(1.871)	(1.871)
Tobacco Tax	-	-	-	-	-	-
Wine Tax	-	-	-	-	-	-
<b>Other Sources</b>						
All Other Revenue	-	0.303	0.806	-	1.109	1.109
Highway Patrol Fines	-	0.003	0.003	-	0.005	0.005
Nursing Facilities Fee	-	-	-	-	-	-
Public Institution Reimbursements	-	-	-	-	-	-
Tobacco Settlement	-	-	-	-	-	-
<b>Total General Fund</b>	<b>(\$0.461)</b>	<b>(\$33.275)</b>	<b>(\$202.393)</b>	<b>(\$0.461)</b>	<b>(\$235.667)</b>	<b>(\$236.128)</b>
<b>Total General Revenues (General Fund &amp; SEPTR)</b>	<b>(\$0.461)</b>	<b>(\$82.625)</b>	<b>(\$252.678)</b>	<b>(\$0.461)</b>	<b>(\$335.302)</b>	<b>(\$335.763)</b>



The following table shows the final HJ 2 revenue estimate after incorporating legislative impacts of the 2025 Legislative Session.

General Revenue: HJ 2 Estimate Plus Legislation Impacts						
Source of Revenue	Actual FY 2024	Estimated FY 2025	Estimated FY 2026	Estimated FY 2027	Estimated 2025 Bien.	Estimated 2027 Bien.
<b>Largest Seven Sources</b>						
Individual Income Tax	2,243.946	2,165.948	2,263.262	2,148.845	\$4,409.895	\$4,412.107
Property Tax (See SEPTR Below for FY 2026/2027)	17.222	14.938				
Corporation Income Tax	312.276	315.242	326.235	338.414	627.518	664.648
Vehicle Taxes & Fees	124.840	125.956	127.009	128.052	250.796	255.061
Oil & Natural Gas Production Tax	64.405	65.302	69.156	70.950	129.707	140.106
Insurance Tax & License Fees	115.075	126.202	129.850	134.673	241.277	264.523
Video Gambling Tax	83.385	84.897	86.903	89.186	168.282	176.089
<b>Other Business Taxes</b>						
Driver's License Fee	5.772	5.772	5.817	5.870	11.544	11.687
Investment License Fee	21.042	21.696	22.311	22.850	42.738	45.161
Lodging Taxes	44.750	46.711	48.108	50.080	91.460	98.188
Public Contractors Tax	9.125	5.163	4.812	4.231	14.288	9.043
Railroad Car Tax	3.645	3.920	3.931	4.054	7.565	7.986
Rental Car Sales Tax	6.972	7.827	8.007	8.049	14.799	16.056
Telecommunications Excise Tax	8.139	7.960	7.755	7.550	16.099	15.305
<b>Other Natural Resource Taxes</b>						
Coal Severance Tax	18.181	15.530	12.134	11.169	33.712	23.303
Electrical Energy Tax	4.090	5.603	5.543	5.512	9.693	11.055
Metalliferous Mines Tax	6.573	7.378	6.935	6.968	13.951	13.903
US Mineral Royalty	15.655	14.832	14.133	13.446	30.487	27.579
Wholesale Energy Tax	3.545	3.320	3.292	3.317	6.866	6.609
<b>Other Interest Earnings</b>						
Coal Trust Interest	19.139	19.681	21.895	22.481	38.819	44.376
Treasury Cash Account Interest (SSR until 2026)	163.738	138.908	104.283	79.005	302.647	183.288
<b>Other Consumption Taxes</b>						
Beer Tax	2.971	2.980	2.851	2.709	5.951	5.559
Cigarette Tax	20.919	19.658	19.231	18.188	40.578	37.418
Liquor Excise & License Tax	35.443	35.016	36.185	37.974	70.459	74.159
Liquor Profits	7.000	20.900	21.800	23.000	27.900	44.800
Lottery Profits	19.313	20.928	20.130	20.687	40.241	40.818
Marijuana Tax	31.804	32.903	33.640	34.727	64.707	68.367
Tobacco Tax	5.114	5.665	5.390	5.187	10.779	10.577
Wine Tax	2.504	2.558	2.575	2.582	5.061	5.157
<b>Other Sources</b>						
All Other Revenue	54.615	45.569	69.219	49.400	100.184	118.619
Highway Patrol Fines	3.474	3.531	3.534	3.515	7.005	7.048
Nursing Facilities Fee	3.535	3.558	3.609	3.644	7.093	7.253
Public Institution Reimbursements	4.903	5.919	5.927	5.936	10.822	11.863
Tobacco Settlement	2.999	2.910	2.776	2.622	5.909	5.398
General Fund OTO and Transfers			68.541	22.665		91.206
Ongoing General Fund Total	3,322.371	3,265.976	3,429.696	3,342.211	6,588.347	6,771.907
<b>Total General Fund</b>	<b>\$3,322.371</b>	<b>\$3,265.976</b>	<b>\$3,498.237</b>	<b>\$3,364.876</b>	<b>\$6,858.834</b>	<b>\$6,863.113</b>
Property Tax (SEPTR)	\$430.813	\$441.624	\$462.208	\$466.112	\$872.437	\$928.321
<b>Total General Revenues (General Fund, TCA, &amp; SEPTR)</b>	<b>\$3,916.922</b>	<b>\$3,846.508</b>	<b>\$3,960.446</b>	<b>\$3,830.988</b>	<b>\$7,731.270</b>	<b>\$7,791.433</b>

The following table shows the general fund revenue impacts of legislation enacted by the 69<sup>th</sup> Legislature summarized by bill number.

General Fund Impact of Revenue Legislation Enacted by the 69th Legislature			
Bill Number & Title	FY 2025	FY 2026	FY 2027
HB 16 Revise infrastructure loan program and tax credit	-	18,000	18,000
HB 18 Deposit non-levy revenue in school equalization and property tax relief account	-	(11,116,000)	(10,393,000)
HB 56 Establish ambulance provider assessment fee program	-	-	\$632,631
HB 60 Generally revise state auditor laws	-	32,110	66,485
HB 110 Revise legislative services requirements to provide certain printed session information	-	(8)	(400)
HB 129 Provide income tax benefit to support emergency response volunteers	-	-	(353,000)
HB 137 Revise securities laws relating to fees paid by certain licensees	-	1,750	1,750
HB 140 Provide property tax assistance for law enforcement and firefighters injured in the line of duty	-	-	(590)
HB 211 Revise alcohol laws	-	13,000	13,000
HB 231 Revise property tax laws	-	(501,000)	(517,000)
HB 308 Maintain the county distribution level of metal mines license tax	-	-	-
HB 337 Revise income tax laws to lower income taxes	-	(20,805,000)	(190,644,000)
HB 368 Generally revise water supply requirements for coal-fired generating units	-	(2,000,000)	(2,000,000)
HB 515 Generally revise laws relating to school facilities	-	108,000	102,000
HB 668 Revising alcohol law to prohibit certain licensees from offering gambling	-	(21,458)	(21,458)
HB 845 Increase IRC 529 education savings income tax deduction	-	(202,000)	(212,000)
HB 849 Provide for special motorcycle plates promoting motorcycle safety	-	2,222	4,445
HB 853 Revise fees for licensed establishments	-	95,576	95,576
HB 908 Generally revise employee tax credit laws to include apprentices	-	-	(200,000)
HB 924 Generally revise state finance laws	-	1,960,000	2,090,000
HB 932 Generally revise conservation financing laws	-	(71,000)	(234,000)
SB 19 Revise sentencing laws related to theft	-	15,500	15,500
SB 27 Generally revise marijuana licensing laws	-	(178,000)	(355,000)
SB 60 Revise insurance premium taxes for certain captive insurers	-	-	253,280
SB 74 Generally revise marijuana laws	-	(491,000)	(542,000)
SB 104 Expanding access to low-cost capital to certain eligible projects and entities	-	178,800	60,000
SB 191 Provide for the licensure of residential treatment centers	-	240	240
SB 333 Repeal sunset on coal washing credit	-	(211,295)	(196,746)
SB 412 Provide for fee waivers of government documents to former foster children	-	(9,315)	(9,315)
SB 534 Provide property tax exemption for wireless infrastructure	-	-	(1,000)
SB 535 Revise laws related to experimental treatments	-	15,000	5,000
SB 544 Revise income tax laws for net operating loss carryovers	(461,000)	(96,000)	(58,000)
SB 555 Generally revise gambling laws	-	(13,000)	(13,000)
Total	\$ (461,000)	\$ (33,274,878)	\$ (202,392,602)

## General Revenue Bill Highlights

This section provides a summary of general fund and state-levied property tax revenue sources that were impacted by the 69<sup>th</sup> Legislature. Detailed information for each general fund and selected non-general fund revenue sources can be found in “[2027 Biennium Fiscal Report: Volume 2](#).” In Volume 2, each source includes a description, the applicable tax or fee rates, distribution mechanisms, and estimating methodology. A legislation impact table (if applicable) summarizes all bills that impact that source of revenue.

### All Other Revenue

[HB 56](#) – Establish ambulance provider assessment fee program

Establishes an ambulance provider assessment fee of 5.75% on the net operating revenues of for-profit ambulance providers.

[HB 110](#) – Revise legislative services requirements to provide certain printed session information  
Requires that certain legislative documents be available in and electronic version and removes the requirement to charge the public for these paper documents.

[HB 211](#) – Revise alcohol laws

Creates a new third-party delivery license which allows off premises licensees the ability to utilize a third-party delivery licensee and its drivers to deliver beer and table to persons who order the beer and table wine.

**HB 853** – Revise fees for licensed establishments

Proposes to increase retail food establishment fees, wholesale food establishment fees, public accommodation fees, trailer court and campground fees, and pool and spa fees.

**SB 104** – Expanding access to low-cost capital to certain eligible projects and entities

Increases the bond issuance cap and adds 501(c)(3) entities to those eligible for the Montana Facility Finance Authority services, including conduit bonds.

**SB 191** – Provide for the licensure of residential treatment centers

Requires licensing compliance with 52-2-805, MCA, and 52-2-810, MCA. Montana Code Annotated 52-2-810 requires semiannual visits, during which at least 50% of the youth admitted to the facility are interviewed. This will require that licensure bureau facility surveyors visit each facility at minimum 2x/year.

**SB 535** – Revise laws related to experimental treatments

Revises laws for experimental treatments, provides for licensing of experimental treatment centers, and amends right to try act. The bill defines experimental treatment centers and designates them as a healthcare facility.

**Coal Severance Tax**

**HB 368** – Generally revise water supply requirements for coal-fired generating units

Directs \$2.0 million of coal severance tax revenue into a new town of Colstrip water infrastructure mitigation account within the state special revenue fund.

**SB 333** – Repeal sunset on coal washing credit

Extends the sunset date of coal washing and the exemption of coal washing costs from the calculation of the contract sales price. The sunset date is pushed out two years to July 1, 2027.

**Coal Trust Interest Earnings**

**HB 515** – Generally revise laws relating to school facilities

Provides a one-time transfer of general fund to bring the school facilities fund to its \$300 million cap. The distribution of coal severance tax that was going to the school facilities fund will instead be diverted to the coal permanent trust.

**HB 924** -Generally revise state finance laws

Creates a new trust within the permanent fund type referred to as the Montana growth and opportunity (GO) trust. As part of the legislation, certain low-yield loan programs will be transferred out of the coal trust and replaced with higher yield investments. (Further information on pages 16-17)

**Corporate Income Tax**

**HB 16** – Revise infrastructure loan program and tax credit

Revises the infrastructure loan program and prohibits taxpayers from claiming infrastructure loan fees as both a tax credit and deduction.

**Driver's License Fees**

**SB 412** – Provide for fee waivers of government documents to former foster children

Provides fee waivers for certain state government documents for former foster care children that have aged out of the system but have not yet turned age 21.

**Highway Patrol Fines**

**SB 555** – Generally revise gambling laws

Modifies existing online gambling law and would change one type of infraction from a misdemeanor to a felony. Revenue from fines would no longer go to the general fund but instead to an existing state special revenue account.

[SB 19](#) – Revise sentencing laws related to theft

Removes distinctions between first and subsequent convictions of theft and increases maximum penalties. The Montana Highway Patrol anticipates a slight increase in fine revenue.

**Individual Income Tax**

[HB 129](#) – Provide income tax benefit to support emergency response volunteers

Creates a \$3,000 income exemption for qualified volunteer firefighters and volunteer emergency care providers.

[HB 337](#) – Revise income tax laws to lower income taxes

Increases the income brackets for the state's personal income tax, while also lowering the top tax rate for non-capital gains income over two years (from 5.9% to 5.65% in TY 2026 and then to 5.4% in TY 2027). The Earned Income Tax Credit (EITC) is increased starting in TY 2026 to 20% (from 10%) of the federal EITC.

[HB 845](#) – Increase IRC 529 education savings income tax deduction

Increases the allowable exemption for contributions to a Family Education Savings Account from \$3,000 to \$4,500 and adjusts the exemption for inflation.

[HB 908](#) – Generally revise employee tax credit laws to include apprentices

Revises the jobs growth incentive tax credit criteria to include apprentices in the construction industry.

[SB 544](#) – Revise income tax laws for net operating loss carryovers

Creates an optional transition adjustment for Montana net operating losses that cannot be carried forward as a result of the changes made by SB 399 from the 2021 Legislature.

**Insurance Tax**

[HB 60](#) – Generally revise state auditor laws

Eliminates the \$50 exemption fee for notice filing of charitable offerings and allows surplus lines insurers domiciled in Montana to write premium for the state that will be subject to annual premium taxes.

[SB 60](#) – Revise insurance premium taxes for certain captive insurers

Removes the \$100,000 cap on premium tax for series limited liability company captive insurers for tax years beginning after December 31, 2025.

**Investment License Fee**

[HB 137](#) – Revise securities laws relating to fees paid by certain licensees

Revises the securities registration fees to eliminate the distinction between the in-state and out-of-state salespersons or investment representatives.

**Lottery Profits**

[HB 668](#) – Revising alcohol law to prohibit certain licensees from offering gambling

Prohibits gambling activities of any entity licensed under MCA 16-4-201(8)(c).

**Marijuana Tax**

[HB 932](#) – Generally revise conservation financing laws

Revises the distribution of the marijuana state special revenue account to distribute 20% to the newly created habitat legacy account instead of directly to habitat Montana and changes the distribution to the HEART fund from a flat \$6 million per year to an 11% distribution.

[SB 27](#) – Generally revise marijuana licensing laws

Extends the moratorium on new marijuana licensees two years to July 1, 2027, and prohibits the Department of Revenue from issuing any new premises licenses.

[SB 74](#) – Generally revise marijuana laws

Makes some clean-up and clarifications to marijuana regulations and taxation. The changes with an estimated fiscal impact change the definition of “retail price” and changes to the structure of manufacturing license fees.

**Metal Mines Tax**

[HB 308](#) – Maintain the county distribution level of metal mines license tax

Extends the distribution and statutory appropriation for metal mines license tax collections to counties through 2035. This reduces general fund revenue by \$1.5 million per year in FY 2028 and FY 2029.

**Property Tax**

[HB 18](#) – Deposit non-levy revenue in school equalization and property tax relief account

Directs non-levy property tax revenue (primarily bentonite tax, Taylor Grazing Act funds, federal forest receipts and coal gross proceeds) to be deposited into the State Equalization and Property Tax Reduction state special revenue account rather than in the general fund.

[HB 140](#) – Provide property tax assistance for law enforcement & firefighters injured in the line of duty

Lowers the tax rate for properties that are owned by qualified first responders or their spouses who are injured or killed in the line of duty.

[HB 231](#) – Revise property tax rates for certain property

Revises property tax laws and interacts with SB 542 (described below) to reduce tax rates on residential and commercial property.

[SB 534](#) – Provide property tax exemption for wireless infrastructure

Extends the 5-year exemption and 10-year phase-out period for fiber optic and coaxial cable to wireless infrastructure placed in service on or after July 1, 2025.

[SB 542](#) – Generally revise property tax laws

Changes property tax rates in several ways. It reduces the agricultural property tax rate from 2.16% to 2.05%. In TY 2025 it introduces a graduated tax rate for all commercial and residential properties. In TY 2026 it revises the graduated tax rate structure for commercial properties and amends the graduated residential rate so that only primary residences and long-term rentals qualify, while increasing the tax rate on other residential property.

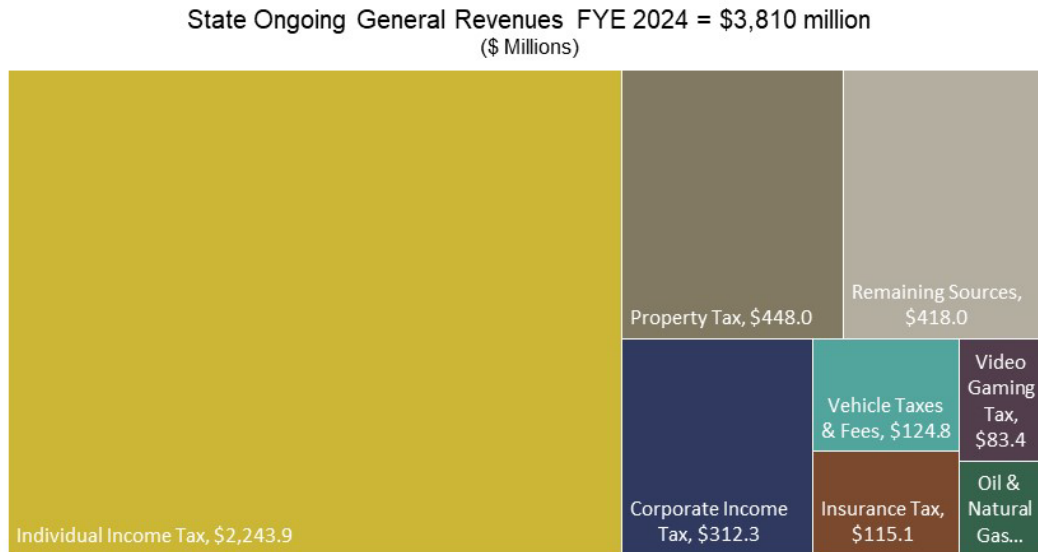
**Vehicle Tax**

[HB 849](#) – Provide for special motorcycle plates promoting motorcycle safety

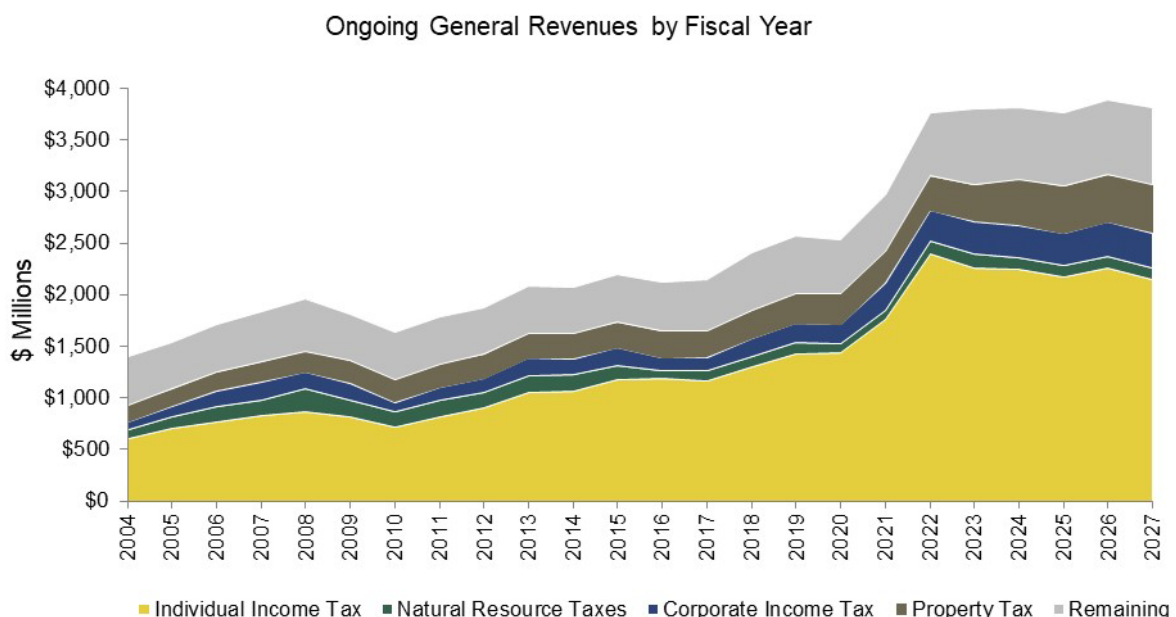
Provides for special motorcycle license plates for promoting motorcycle safety and awareness. The bill establishes a statutory appropriation for MDT.

## GENERAL REVENUES

The figure below shows how general revenues were distributed in FY 2024. Seven sources, namely individual income tax, property tax, corporation income tax, oil and natural gas taxes, vehicle taxes, insurance tax, and video gambling tax accounted for 89% of ongoing general revenues. *Note that general revenues include property taxes and interest on treasury cash, which were both deposited into state special revenue funds in FY 2024.*



The figure below shows how Montana's revenue composition has changed by revenue category since FY 2004. Actual amounts are from FY 2004 to FY 2024, with forecasted amounts for FY 2025 through FY 2027 (adjusted for legislation). In FY 2010 individual income tax accounted for 44.0% of total general revenue and its share had grown to 63.7% by the end of FY 2022. Due to individual income tax reductions in the 2021, 2023, and 2025 legislative sessions, its share is expected to decrease to 56% by FY 2027.





## Property Tax Legislation

**HB 231 & SB 542** – Revise property tax rates for certain property, Generally revise property tax laws Work in tandem to substantially revise the taxable values of residential, commercial, and agricultural properties, and to provide up to a \$400 one-time property tax rebate to homeowners of a principal residence in 2024.

The bills modify the tax rates of agricultural, residential, and commercial properties:

- The commercial tax rate for tax year (TY) 2025 is changed to a tiered rate structure, and changes again in TY 2026 and thereafter to a separate tiered rate structure based on statewide median commercial assessed value.
- Residential property taxable values are changed to a graduated tax rate based on the assessed value of the property in TY 2025, and an additional homestead reduced tax rate is to be implemented in TY 2026 and thereafter.
- The agricultural tax rate is lowered

SB 542 also supersedes local government charters that fix mill levies so that these tax measures can be implemented without a significant loss of revenues to the local governments.

These bills are expected to substantially reduce statewide taxable value which will decrease revenues collected by the 95 equalization mills, the university six-mill levy, and the state vocational and technical mill levy from what had been estimated in HJ 2. The state equalization mills to the SEPTR account are expected to decline by approximately \$60.5 million in FY 2026 and by \$59.9 million in FY 2027 relative to the HJ 2 estimate. The university six-mill levy is expected to decline by an estimated \$3.8 million in FY 2026 and FY 2027 relative to the HJ 2 revenue estimate.

**HB 483** – Revise laws to reduce property taxes while preserving the current 95 school mills Adjusts the SEPTR account overflow mechanisms (HB 587, 2023 Session) to provide for same-year local property tax reductions corresponding to increases in revenue from the 95 mills. This is done by increasing the on-schedule reimbursement rates for school transportation, which are funded by countywide property tax levies and state transportation aid and adjusts the state-county share of those costs.

The bill exempts the 95 mills, the 1.5 vo-tech state vocational and technical levy, and other school mill levies from 15-10-420, MCA.

Language in HB 483 directed appropriations to adjust based on Department of Revenue (DOR) 95 mill revenue estimates post session. DOR's FY 2026 estimate of revenue generated by the 95 mills was \$457.2 million. Based this estimated increase in revenue from the 95 mills approximately \$15.6 million will be appropriated for transportation aid each year of the 2027 biennium and there will be no funding for GTB multiplier increases. As there are no appropriations for transportation aid in either HB 2 or HB 483, it is assumed these funds will be requested in HB 3, the supplemental appropriations bill, in the 2027 Legislative Session.

The reduction to the SEPTR from combination of these bills is expected to create a \$126.2 million supplemental appropriation for BASE Aid payments to schools through the Office of Public Instruction. BASE Aid is formulaic and uses the revenue from the statewide property tax prior to using general fund. No corresponding general fund appropriation was authorized to offset this reduction so this supplemental is expected.

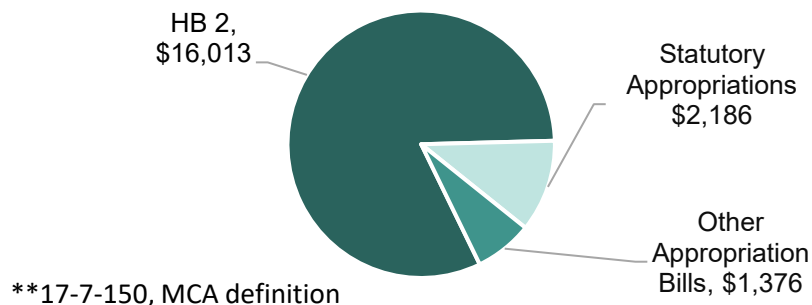
## STATE EXPENDITURES

This section describes the 2025 legislature's expenditure decisions by source of authority and fund type. Most expenditures are authorized in HB 2. The LFD will continue to track and report on state expenditures throughout the 2027 biennium and will report to the Legislative Finance Committee regularly on how federal actions may impact state revenues (as described above) and expenditures<sup>5</sup>.

### Spending by Source of Authority

The chart below shows the entire legislative budget broken down by source of authority. The charts use the [state resources definition](#) and **do not include non-comparable appropriations like HB 1, HB 3 (or any other supplemental appropriations), and HB 4, and transfers that are appropriated elsewhere in state government are eliminated.**

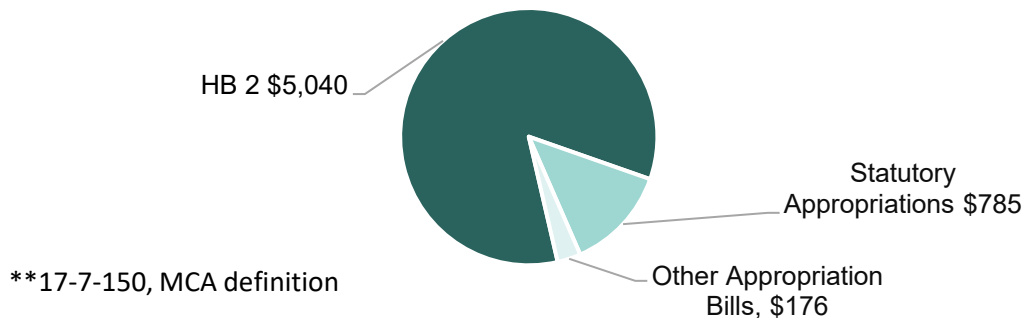
2027 Biennium Legislative Budget  
Appropriations All Funds Total - \$19,575  
(\$ Millions)



### General Fund

The following figure shows the general fund budget approved by the legislature by appropriation source of authority. HB 2 is the largest component of general fund appropriations, followed by statutory appropriations, which are primarily pension payments and local government entitlement share expenditures. **This pie chart does not include non-comparable appropriations like HB 1 and supplemental appropriations like HB 3 and HB 835 (2023 session).**

2027 Biennium Legislative Budget  
Appropriations General Fund Only, All Sources of Authority  
Total - \$6,002 (\$ Millions)



<sup>5</sup> Montana's expenditures in certain programs may be impacted during this biennium due to federal changes. On July 4, 2025, House Resolution 1 (H.R.1) was signed into law. H.R. 1 impacts federal funding, or federal revenues, in several programs that currently make up significant portions of Montana's budget. The most significant impacts are in the state's Medicaid program and Supplemental Nutrition Assistance Program (SNAP), as well as the new Rural Health Transformation Program. In addition, the FFY 2026 federal budget may further impact federal revenues to Montana in a variety of programs.

## HB 2 Statewide Legislative Decisions

The legislature adopted HB 13, the state pay plan, which provided authority to increase state employee base salaries by 2.5% or \$1.00/hour, whichever is greater on July 1, 2025, and July 1, 2026.

HB 13 updates meals and expense reimbursement policy for Montana state employees and elected officials to 70% of the standard federal (General Services Administration) rate.

The bill also changed the compensation for the legislature: beginning in the 2027 Session, the hourly wage will be 80% of the state average hourly wage. Beginning in the 2029 session, the hourly wage will be equal to the state average hourly wage.

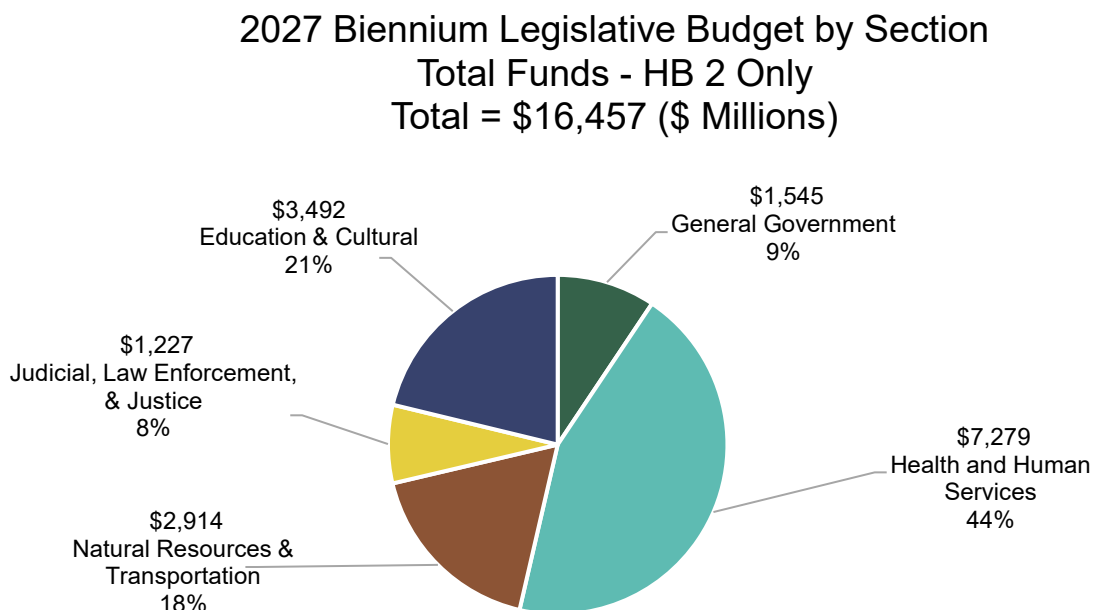
The legislature imposed a 5.0% vacancy savings rate on executive agencies. Per statute, agencies with less than 20.00 positions budgeted (PB) are exempt, as is the School for the Deaf and Blind and other specific exemptions, such as 24/7 facilities. For additional information on PB, please refer to the PB section at the end of this report.

## HB 2 Funding

The following sections discuss the various components of HB 2. The 2025 Legislature adopted a HB 2 budget that was 13.5% higher or \$1.96 billion more than the appropriations contained in HB 2 as adopted by the 2023 Legislature. Of this \$1.96 billion increase, \$644.6 million is due to appropriations previously in HB 2 language moving into HB 2.

## Funding by Functional Area

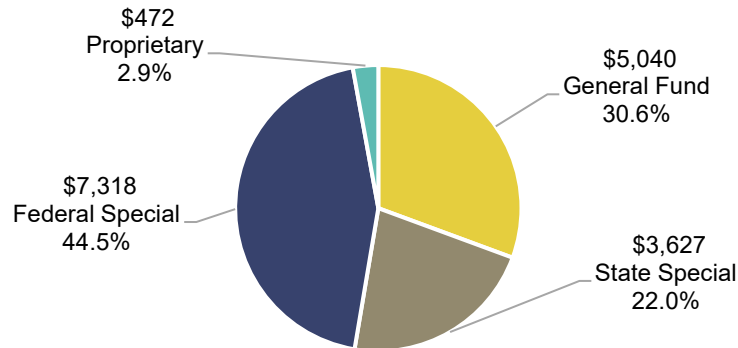
The following figure shows the allocation of total funds in HB 2 by functional area. Three areas: health and human services, education, and natural resources and transportation account for 83.2% of the total HB 2 appropriations for the 2025 biennium.



## Funding by Fund Source

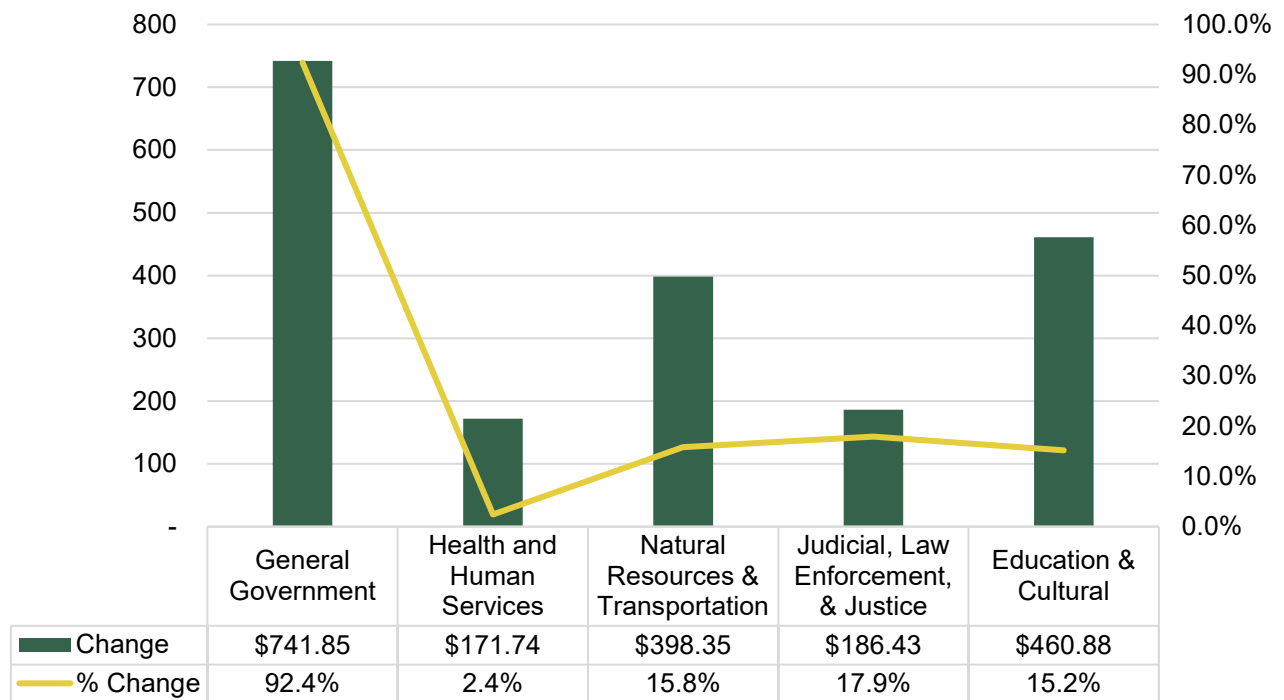
The next figure shows the HB 2 budget by source of funding. Federal funds are the largest funding source at 44.5% followed by general fund at 30.6% of the total funding.

2027 Biennium Legislative Budget by Fund Type  
Total Funds - HB 2 Only  
Total = \$16,457 (\$ Millions)



The largest area of appropriation growth was general government, which grew by \$741.9 million or 92.4% and natural resources and transportation, which grew by \$398.4 million or 15.8%. Following the 2023 Legislative Session, all language appropriations previously included in the language as separate from HB 2 were incorporated directly into HB 2. As a result, the Section A General Government budget experienced a significant increase of \$644.3 million, now encompassing appropriation authority for liquor and cannabis sales.

This Chart Shows Growth in Dollars and Percentage for All Fund Types Between the 2025 and 2027 Biennia HB 2 Legislative Budgets (\$ millions)



The table on the next page shows total funding in HB 2, by agency, and compares each to the 2025 biennium appropriations and the Governor's budget proposal. OTO funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2025 biennium to the 2027 biennium is shown in the "Compared to 2025 Biennium" column. Ongoing expenditures grew at nearly the same rate as the total, at a rate of 14.8%, but the use of one-time-only (OTO) funding increased by 169.1%. The largest changes in OTO funding occurred in health and human services.

All Fund Types HB 2 Only	2025 Biennium Approp	2027 Biennium Gov Budget	2027 Biennium Legislative Budget	Legislative Budget Compared to 2025 Biennium Approp	Legislative Budget Compared to 2027 Biennium Gov Budget
<b>Total Ongoing</b>					
<b>A</b>					
11040 LEGISLATIVE BRANCH	50,987,687	58,072,273	59,309,542	16.3%	2.1%
11120 CONSUMER COUNSEL	3,171,914	3,700,260	3,400,260	7.2%	(8.1%)
31010 GOVERNOR'S OFFICE	15,137,543	62,544,429	16,256,655	7.4%	(74.0%)
32020 COMMISSIONER OF POLITICAL PRACTICES	1,749,025	1,905,401	1,905,401	8.9%	0.0%
34010 STATE AUDITOR'S OFFICE	107,156,114	155,867,972	118,105,686	10.2%	(24.2%)
58010 DEPARTMENT OF REVENUE	143,837,434	790,526,129	787,845,004	447.7%	(0.3%)
61010 DEPARTMENT OF ADMINISTRATION	107,487,976	146,519,966	146,529,340	36.3%	0.0%
65010 DEPARTMENT OF COMMERCE	72,046,455	77,565,873	78,570,964	9.1%	1.3%
66020 DEPARTMENT OF LABOR AND INDUSTRY	180,760,155	199,679,961	205,241,337	13.5%	2.8%
67010 DEPARTMENT OF MILITARY AFFAIRS	114,202,807	125,490,199	125,883,406	10.2%	0.3%
<b>B</b>					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	7,054,073,081	6,938,107,054	7,145,703,133	1.3%	3.0%
<b>C</b>					
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	254,757,895	291,874,029	306,110,984	20.2%	4.9%
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	129,169,134	144,387,476	144,387,474	11.8%	(0.0%)
54010 DEPARTMENT OF TRANSPORTATION	1,889,626,524	2,194,966,319	2,174,291,026	15.1%	(0.9%)
56030 DEPARTMENT OF LIVESTOCK	31,293,375	35,037,825	34,435,061	10.0%	(1.7%)
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	168,536,810	200,652,043	201,087,165	19.3%	0.2%
62010 DEPARTMENT OF AGRICULTURE	41,763,396	44,668,340	44,568,824	6.7%	(0.2%)
<b>D</b>					
21100 JUDICIAL BRANCH	119,543,859	137,325,412	137,779,205	15.3%	0.3%
41100 DEPARTMENT OF JUSTICE	291,871,361	326,417,151	320,511,110	9.8%	(1.8%)
42010 PUBLIC SERVICE COMMISSION	10,638,706	12,189,869	12,665,734	19.1%	3.9%
61080 OFFICE OF STATE PUBLIC DEFENDER	90,619,747	130,104,627	112,079,408	23.7%	(13.9%)
64010 DEPARTMENT OF CORRECTIONS	510,479,094	610,966,507	626,471,053	22.7%	2.5%
<b>E</b>					
35010 OFFICE OF PUBLIC INSTRUCTION	2,344,506,421	2,710,412,560	2,664,055,075	13.6%	(1.7%)
51010 BOARD OF PUBLIC EDUCATION	1,140,885	1,137,237	1,136,307	(0.4%)	(0.1%)
51020 COMMISSIONER OF HIGHER EDUCATION	641,709,951	738,499,868	745,262,556	16.1%	0.9%
51130 SCHOOL FOR THE DEAF & BLIND	18,716,453	20,790,982	21,253,683	13.6%	2.2%
51140 MONTANA ARTS COUNCIL	3,224,361	3,399,060	3,397,856	5.4%	(0.0%)
51150 MONTANA STATE LIBRARY	15,283,335	16,593,141	16,671,569	9.1%	0.5%
51170 MONTANA HISTORICAL SOCIETY	16,574,481	18,993,736	19,986,268	20.6%	5.2%
<b>Total Ongoing Total</b>	<b>14,430,065,979</b>	<b>16,198,395,699</b>	<b>16,274,901,086</b>	<b>12.8%</b>	<b>0.5%</b>
<b>Total OTO</b>					
<b>A</b>					
11040 LEGISLATIVE BRANCH	2,286,338	438,682	588,682	(74.3%)	34.2%
11120 CONSUMER COUNSEL	297,068		300,000	1.0%	
31010 GOVERNOR'S OFFICE	(135,890)		286,804	(311.1%)	
32020 COMMISSIONER OF POLITICAL PRACTICES	(3,288)		229,126	(7,068.6%)	
34010 STATE AUDITOR'S OFFICE	2,791,642			(100.0%)	
58010 DEPARTMENT OF REVENUE	(133,062)			(100.0%)	
61010 DEPARTMENT OF ADMINISTRATION	166,907			(100.0%)	
65010 DEPARTMENT OF COMMERCE	(210,390)			(100.0%)	
66020 DEPARTMENT OF LABOR AND INDUSTRY	2,338,341	100,000	100,000	(95.7%)	0.0%
67010 DEPARTMENT OF MILITARY AFFAIRS	(628,476)		300,000	(147.7%)	
<b>B</b>					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	52,663,788	70,328,046	133,033,579	152.6%	89.2%
<b>C</b>					
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	(210,474)	750,926	988,176	(569.5%)	31.6%
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	852,961		200,000	(76.6%)	
54010 DEPARTMENT OF TRANSPORTATION	(6,252,866)	3,841,790	3,841,790	(161.4%)	0.0%
56030 DEPARTMENT OF LIVESTOCK	306,061	1,063,448	1,063,448	247.5%	0.0%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	5,465,691	2,103,951	2,383,951	(56.4%)	13.3%
62010 DEPARTMENT OF AGRICULTURE	763,640	898,500	992,500	30.0%	10.5%
<b>D</b>					
21100 JUDICIAL BRANCH	2,108,501	400,000	400,000	(81.0%)	0.0%
41100 DEPARTMENT OF JUSTICE	6,380,361	12,019,346	7,073,333	10.9%	(41.2%)
42010 PUBLIC SERVICE COMMISSION	46,073			(100.0%)	
61080 OFFICE OF STATE PUBLIC DEFENDER	2,492,606		8,602,800	245.1%	
64010 DEPARTMENT OF CORRECTIONS	6,443,064		1,846,600	(71.3%)	
<b>E</b>					
35010 OFFICE OF PUBLIC INSTRUCTION	251,671	1,700,000	10,306,350	3,995.2%	506.3%
51010 BOARD OF PUBLIC EDUCATION	(1,892)			(100.0%)	
51020 COMMISSIONER OF HIGHER EDUCATION	(12,257,130)	1,000,000	8,035,330	(165.6%)	703.5%
51130 SCHOOL FOR THE DEAF & BLIND	(151,932)		122,000	(180.3%)	
51140 MONTANA ARTS COUNCIL	(4,576)			(100.0%)	
51150 MONTANA STATE LIBRARY	1,769,996			(100.0%)	
51170 MONTANA HISTORICAL SOCIETY	315,358	50,000	1,650,000	423.2%	3,200.0%
<b>Total OTO Total</b>	<b>67,750,091</b>	<b>94,694,689</b>	<b>182,344,469</b>	<b>169.1%</b>	<b>92.6%</b>
<b>Grand Total</b>	<b>14,497,816,070</b>	<b>16,293,090,388</b>	<b>16,457,245,555</b>	<b>13.5%</b>	<b>1.0%</b>

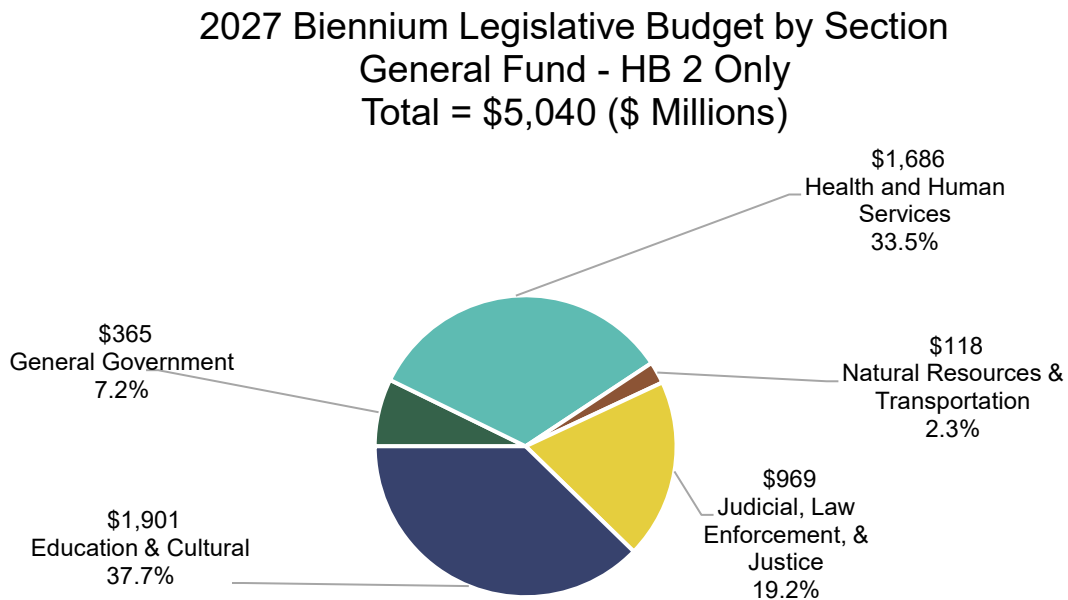


## Type of Funding

The four primary funding sources appropriated in HB 2 – general fund, state special revenue, federal funds, and budgeted proprietary funds – are discussed in the following sections.

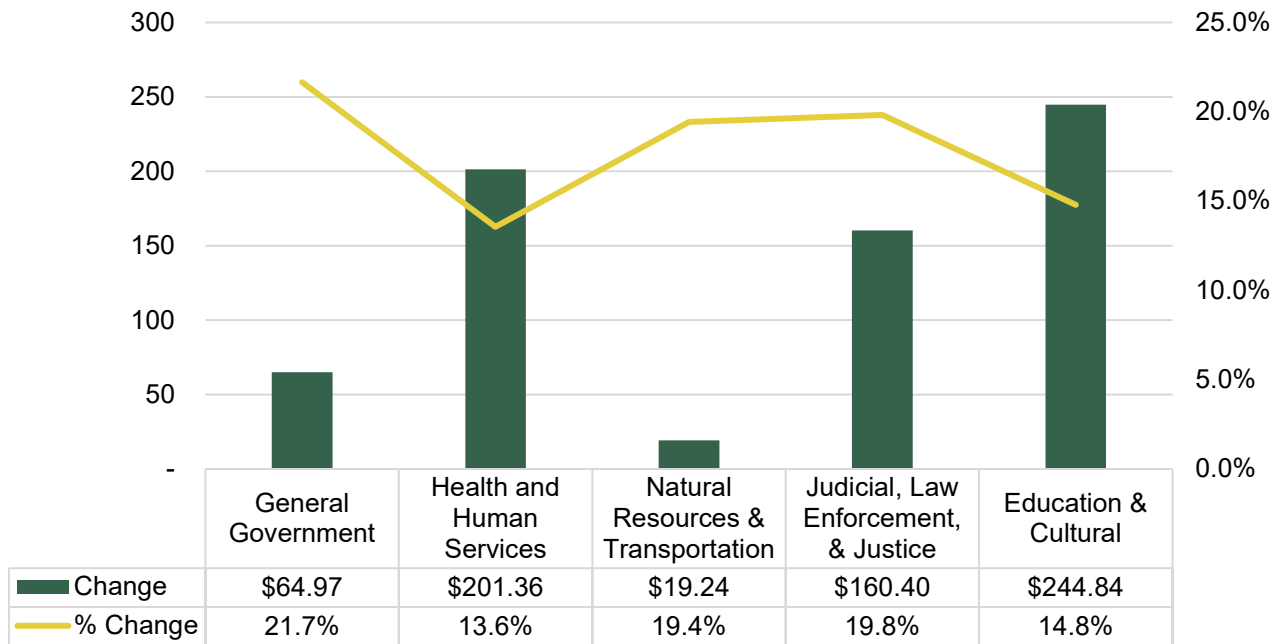
## General Fund

The pie chart shows total HB 2 general fund appropriations for expenditures as adopted by the legislature, by governmental functional area. Education, health and human services, and the judicial, law enforcement, and justice sections make up 90.4% of the total budgeted general fund expenditures.



The following chart shows the total changes in general fund appropriations from the 2025 biennium by functional area. All sections of government had significant percentage growth in general fund. The largest areas of dollar value growth are health, public safety, and education. As shown, the changes are dominated by increases within education and human services. The appropriations reflected in the chart include both ongoing and one-time-only changes.

This Chart Shows Growth in Dollars and Percentage for General Fund  
Between the 2025 and 2027 Biennia HB 2 Legislative Budgets  
(\$ millions)



Overall, the legislature increased general fund appropriations by \$690.8 million or 15.9% when compared to the 2025 biennium.

#### Ongoing Funding

The 69<sup>th</sup> Legislature increased ongoing general fund appropriations by \$687.5 million or 16.0% compared to the 2025 legislative appropriations. Details on drivers of this increase by section follow.

#### Section A

Department of Administration – General fund grew by 15.9% in FY 2026 and 14.3% in FY 2027. This growth is largely due to the general fund transfer of \$9.1 million each fiscal year of the 2027 biennium for the capital development fund and a transfer of \$7.2 million in FY 2026 and \$7.7 million in FY 2027 for the major maintenance repair fund to conform to the statutory definition of present law adjustment.

#### Section B

Department of Public Health and Human Services

The budget includes a biennial general fund increase of 13.1%, or \$194.9 million, due in part to:

- Federal Medical Assistance Percentage (FMAP) adjustments, mostly for Medicaid, increase general fund by \$86.7 million over the biennium. The FMAP determines the state and federal shares of Medicaid financing
- One-time-only authority of \$39.0 million in general fund over the biennium for the operation of state-owned facilities, including the Montana State Hospital (MSH) and \$19.0 million in ongoing general fund increases for facility wage standardization, increases, and hiring efforts
- Provider rate increases for both Medicaid and non-Medicaid providers totaling \$52.2 million general fund, \$1.4 million state special revenue funds, and \$93.4 million matching federal funds
- Increases for information technology amount to \$19.8 million general fund across the biennium. These costs include increases for information technology maintenance and operations as well as rate increases for information technology services through the Statewide Information Technology Services Division (SITSD)
- Caseload adjustments for foster care, guardianship, and adoption account for a \$14.4 million increase in general fund over the biennium

## Section D

Department of Corrections – general fund growth of \$65.0 million

- Funding for additional capacity was provided - \$30.1 million
  - \$23.9 million was provided for 240 additional out-of-state secure prison placements
  - \$6.2 million to increase the base number of funded jail holds by 100
- Additional provider rates were provided - \$12.2 million
  - \$9.4 million to contracted treatment and assessment facilities
  - \$2.8 million to contracted secure facilities and local jails
- Statewide present law adjustments - \$8.8 million
- 23.00 new PB - \$4.2 million

Office of State Public Defender – general fund growth of \$24.0 million, driven by increased authority to pay contracted defenders - \$13.0 million and 31.06 new PB at \$6.7 million

Department of Justice – general fund growth of \$10.5 million

- Pay increase for highway Patrol Officers - \$5.4 million
- Increase authority for victim services - \$4.0 million

## Section E

Office of Public Instruction

- A net increase for the STARS Act (HB 252), totaling approximately \$102.0 million over the biennium
- An increase for K-12 BASE Aid inflationary adjustment, totaling \$52.1 million over the biennium
- A fund switch from general fund to state special revenue to move non-levy revenue associated with the 95 mills to the state special revenue account reduced general fund by approximately \$21.5 million over the biennium
- A fund switch from state special revenue to general fund for the partial implementation of a homestead property tax exemption increased general fund appropriations by approximately \$41.4 million over the biennium
- A fund switch from general fund to state special revenue of approximately \$156.9 million over the biennium for K-12 BASE aid due to increased revenue from the 95 mills from the property reappraisal cycle
- An increase in general fund of \$36.0 million over the biennium for SEPTR overflow mechanisms for retirement guaranteed tax base aid, major maintenance aid, and debt service assistance. This increase was partially offset by a decrease in general fund of approximately \$31.7 million over the biennium for HB 483, which adjusts the SEPTR account overflow mechanisms (HB 587, 2023 Session) to provide for same-year local property tax reductions via an increase of \$31.2 million for state transportation aid to schools, corresponding to anticipated increases in revenue from the 95 mills. The mechanisms in HB 483 were not given explicit appropriations, but are eligible for a supplemental appropriation and are accounted for on the general fund status sheet

Office of the Commissioner of Higher Education

- Increases of general fund appropriations of \$18.5 million in FY 2026 and \$18.1 million in FY 2027 for present law adjustments related to personal services, higher education fixed costs, and inflation in distributions to campuses and extension services
- A one-time-only appropriation of \$3.5 million per fiscal year for the Montana 10 initiative
- Approximately \$2.2 million appropriations per fiscal year for 1-2 Free dual enrollment program support

- A fund switch from general fund to university mill state special revenue of approximately \$3.8 million per fiscal year

#### One-Time-Only Funding

One-time-only funding increased by \$3.3 million or 5.0% when compared to the 2025 biennium.

General fund appropriations designated as one-time-only in the DPHHS legislative budget included authority of \$39.0 million in general fund over the biennium for the operation of state-owned facilities, including the Montana State Hospital (MSH)

Further information on changes to the state agency budgets between biennia is more fully explained in the specific agency 2025 Biennium Legislative Fiscal Reports.

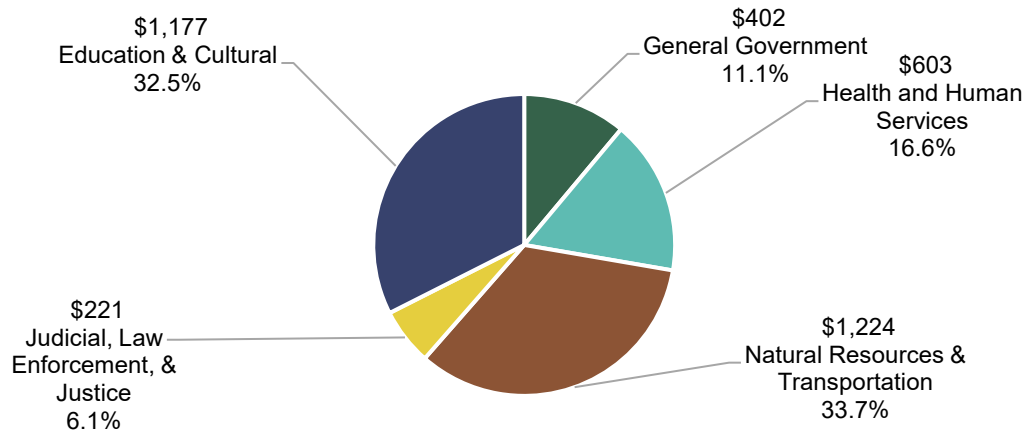
The table below shows general fund in HB 2, by agency, and compares each to the 2025 biennium appropriations. One-time-only funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2025 biennium to the 2027 biennium is shown in the “Compared to 2025 Biennium” column.

General Fund HB 2 Only	2025 Biennium Approp	2027 Biennium Gov Budget	2027 Biennium Legislative Budget	Legislative Budget Compared to 2025 Biennium Approp	Legislative Budget Compared to 2027 Biennium Gov Budget
<b>Total Ongoing</b>					
<b>A</b>					
11040 LEGISLATIVE BRANCH	46333552.00	52442446.00	53679715.00	15.9%	2.4%
31010 GOVERNOR'S OFFICE	15037543.00	40260494.00	16156655.00	7.4%	(59.9%)
32020 COMMISSIONER OF POLITICAL PRACTICES	1749025.00	1905401.00	1905401.00	8.9%	0.0%
34010 STATE AUDITOR'S OFFICE	177393.00	314786.00	0.00	(100.0%)	(100.0%)
58010 DEPARTMENT OF REVENUE	120817224.00	140223299.00	140450616.00	16.3%	0.2%
61010 DEPARTMENT OF ADMINISTRATION	79111676.00	115192215.00	115207643.00	45.6%	0.0%
65010 DEPARTMENT OF COMMERCE	12007013.00	12917365.00	12915751.00	7.6%	(0.0%)
66020 DEPARTMENT OF LABOR AND INDUSTRY	4969923.00	1671517.00	1671181.00	(66.4%)	(0.0%)
67010 DEPARTMENT OF MILITARY AFFAIRS	17144730.00	22308109.00	22704866.00	32.4%	1.8%
<b>B</b>					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	1432486806.00	1642666329.00	1646950178.00	15.0%	0.3%
<b>C</b>					
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS			8120.00		
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	12187711.00	16578651.00	16578651.00	36.0%	0.0%
56030 DEPARTMENT OF LIVESTOCK	8015820.00	9971263.00	9370865.00	16.9%	(6.0%)
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	71862894.00	85202157.00	88481581.00	23.1%	3.8%
62010 DEPARTMENT OF AGRICULTURE	2344316.00	2234157.00	2183023.00	(6.9%)	(2.3%)
<b>D</b>					
21100 JUDICIAL BRANCH	111685018.00	130258238.00	129065309.00	15.6%	(0.9%)
41100 DEPARTMENT OF JUSTICE	93012685.00	98525087.00	104791772.00	12.7%	6.4%
61080 OFFICE OF STATE PUBLIC DEFENDER	90619747.00	130104627.00	112079408.00	23.7%	(13.9%)
64010 DEPARTMENT OF CORRECTIONS	496040461.00	596499550.00	612004096.00	23.4%	2.6%
<b>E</b>					
35010 OFFICE OF PUBLIC INSTRUCTION	1100384542.00	1227752020.00	1222327652.00	11.1%	(0.4%)
51010 BOARD OF PUBLIC EDUCATION	1140877.00	1137237.00	1136307.00	(0.4%)	(0.1%)
51020 COMMISSIONER OF HIGHER EDUCATION	534185094.00	622353237.00	629115925.00	17.8%	1.1%
51130 SCHOOL FOR THE DEAF & BLIND	17741307.00	19765894.00	20228595.00	14.0%	2.3%
51140 MONTANA ARTS COUNCIL	1218310.00	1347844.00	1347298.00	10.6%	(0.0%)
51150 MONTANA STATE LIBRARY	6336883.00	7217249.00	7214961.00	13.9%	(0.0%)
51170 MONTANA HISTORICAL SOCIETY	7475545.00	4977902.00	3975356.00	(46.8%)	(20.1%)
<b>Total Ongoing Total</b>	<b>4284086095.00</b>	<b>4983827074.00</b>	<b>4971550925.00</b>	<b>16.0%</b>	<b>(0.2%)</b>
<b>Total OTO</b>					
<b>A</b>					
11040 LEGISLATIVE BRANCH	2286338.00	(244315.00)	(358645.00)	(115.7%)	46.8%
31010 GOVERNOR'S OFFICE	(135890.00)		102869.00	(175.7%)	
32020 COMMISSIONER OF POLITICAL PRACTICES	(3288.00)		229126.00	(7,068.6%)	
58010 DEPARTMENT OF REVENUE	(300175.00)			(100.0%)	
61010 DEPARTMENT OF ADMINISTRATION	244154.00			(100.0%)	
65010 DEPARTMENT OF COMMERCE	(44606.00)			(100.0%)	
66020 DEPARTMENT OF LABOR AND INDUSTRY	157933.00			(100.0%)	
67010 DEPARTMENT OF MILITARY AFFAIRS	(35084.00)		300000.00	(955.1%)	
<b>B</b>					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	52316637.00	69918166.00	39411338.00	(24.7%)	(43.6%)
<b>C</b>					
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	852961.00		200000.00	(76.6%)	
56030 DEPARTMENT OF LIVESTOCK	(15262.00)	200400.00	200400.00	(1,413.1%)	0.0%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	2871690.00	1171801.00	1171801.00	(59.2%)	0.0%
62010 DEPARTMENT OF AGRICULTURE	749498.00		49000.00	(93.5%)	
<b>D</b>					
21100 JUDICIAL BRANCH	2008808.00			(100.0%)	
41100 DEPARTMENT OF JUSTICE	7074268.00	1000000.00	1005333.00	(85.8%)	0.5%
61080 OFFICE OF STATE PUBLIC DEFENDER	2492606.00		8602800.00	245.1%	
64010 DEPARTMENT OF CORRECTIONS	6483879.00		1846600.00	(71.5%)	
<b>E</b>					
35010 OFFICE OF PUBLIC INSTRUCTION	153945.00	1700000.00	6340000.00	4,018.4%	272.9%
51010 BOARD OF PUBLIC EDUCATION	(1884.00)			(100.0%)	
51020 COMMISSIONER OF HIGHER EDUCATION	(12257130.00)	1000000.00	8035330.00	(165.6%)	703.5%
51130 SCHOOL FOR THE DEAF & BLIND	(151932.00)		122000.00	(180.3%)	
51140 MONTANA ARTS COUNCIL	(2287.00)			(100.0%)	
51150 MONTANA STATE LIBRARY	(30004.00)			(100.0%)	
51170 MONTANA HISTORICAL SOCIETY	267358.00	50000.00	1000000.00	274.0%	1,900.0%
<b>Total OTO Total</b>	<b>64982533.00</b>	<b>74796052.00</b>	<b>68257952.00</b>	<b>5.0%</b>	<b>(8.7%)</b>
<b>Grand Total</b>	<b>4349068628.00</b>	<b>5058623126.00</b>	<b>5039808877.00</b>	<b>15.9%</b>	<b>(0.4%)</b>

## State Special Revenue

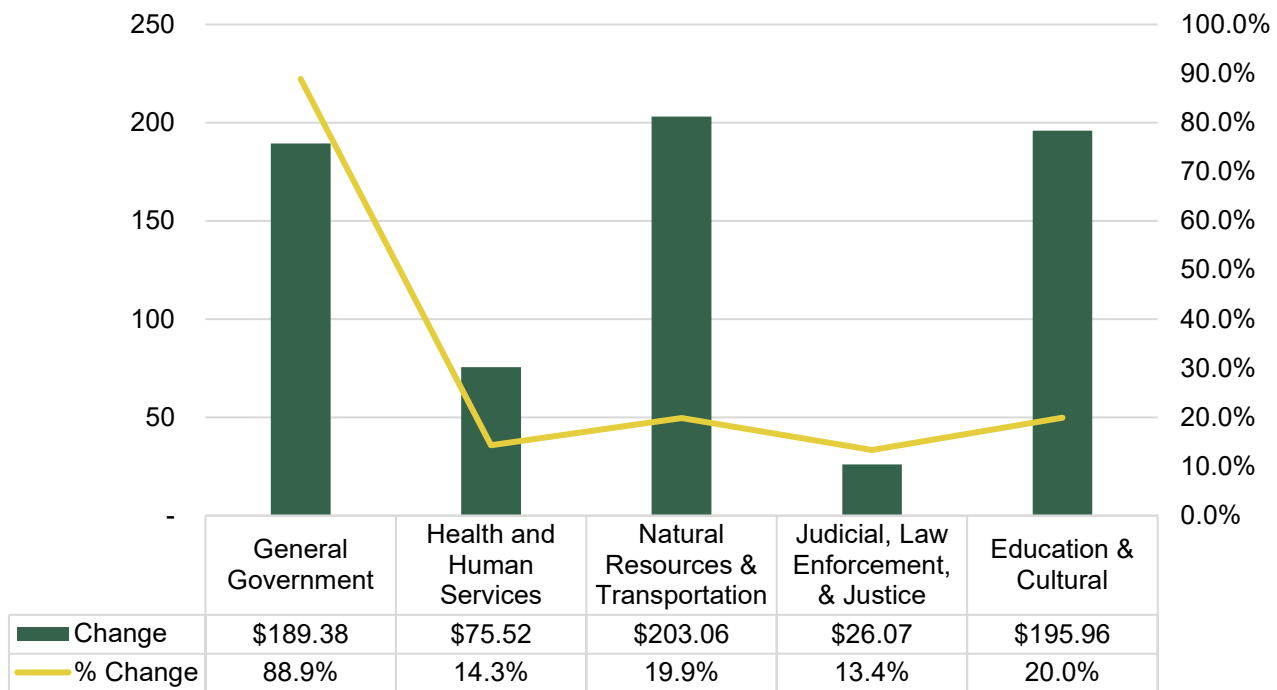
State special revenue is designated for specific purposes. As reflected above, natural resources and transportation state special revenue appropriations account for 33.7% of the total with the majority of this funding going to the Department of Transportation.

### 2027 Biennium Legislative Budget by Section State Special Revenue Funds - HB 2 Only Total = \$3,627 (\$ Millions)



The following chart shows the change in state special revenues from the 2025 biennium by function of state government. The appropriations reflected in the charts include both ongoing and one-time-only changes.

This Chart Shows Growth In Dollars And Percentage For State Special Revenue Between The 2025 And 2027 Biennia HB 2 Legislative Budgets (\$ Millions)



### Ongoing Funding

The legislature increased ongoing funding by 20.8% or \$612.2 million compared to the 2025 biennium with increases driven by:

#### Section A

##### Department of Revenue

- After the 2023 Legislative Session, all language appropriations previously included in the language appropriations budget were incorporated directly into House Bill 2. As a result, the Section A General Government budget experienced a significant increase, now encompassing appropriation authority for liquor and cannabis sales.

#### Section B

##### Department of Public Health and Human Services

- Appropriations for nine recommendations based on the work of the Behavioral Health System for Future Generations (BHSFG) Commission. In FY 2026, this amounts to \$12.1 million state special revenue funds from the account established in HB 872 of the 2023 Legislative Session. In FY 2027, this amounts to \$22.0 million state special revenue fund, as well as further use of this account for other purposes supporting state facilities.

#### Section C

##### Department of Fish, Wildlife & Parks

- \$6.1 million for increased aircraft and vehicle fleet rates
- \$5.8 million to fund 30.35 new positions
- \$3.9 million to support operational increases for game and nongame programs

##### Department of Environmental Quality

- \$5.4 million for mine reclamation programs
- \$2.3 million to fund 9.00 new positions addressing growing caseloads and application volume

#### Montana Department of Transportation

- \$17.1 million for contractor payments
- \$1.4 million for bridge replacement
- \$24.9 million for equipment rental
- \$7.6 million to support Federal Transit Authority operations
- \$4.5 million for winter road maintenance materials
- \$4.2 million for software maintenance and hosting fees related to federal billing systems

#### Department of Natural Resources and Conservation

- \$2.0 million for dam safety and regional water administration
- \$1.9 million to expand and maintain the stream gage network

#### Section E

##### Office of Public Instruction

- A fund switch from general fund to state special revenue of approximately \$156.9 million over the biennium for K-12 BASE aid due to increased revenue from the 95 mills from the property reappraisal cycle
- A fund switch from general fund to state special revenue to move non-levy revenue associated with the 95 mills to the state special revenue account increased state special revenue by approximately \$21.5 million over the biennium
- Increases for major maintenance aid totaling \$20.9 million over the biennium
- A fund switch from state special revenue to general fund for the partial implementation of a homestead property tax exemption decreased state special revenue appropriations by approximately \$41.4 million over the biennium

##### Office of the Commissioner of Higher Education

- Increased appropriations of university mill state special revenue amounting to approximately \$3.8 million per fiscal year as a result of a fund switch from general fund

#### One-Time-Only Funding

The legislature increased state special revenue OTO appropriations by \$78.1 million relative to the 2025 biennium. Of this total, \$58.6 million is in DPHHS and associated with the account established in HB 872 of the 2023 Legislative Session.

The table below shows state special revenue in HB 2, by agency, and compares each to the 2025 biennium appropriations and the executive proposal. One-time-only funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2025 biennium to the 2027 biennium is shown in the “Compared to 2025 Biennium” column.

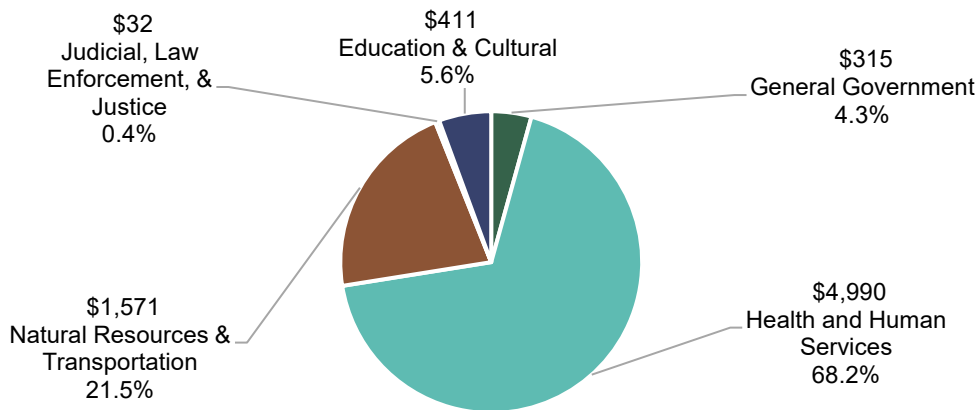


State Special Revenue Funds HB 2 Only	2025 Biennium Approp	2027 Biennium Gov Budget	2027 Biennium Legislative Budget	Legislative Budget Compared to 2025 Biennium Approp	Legislative Budget Compared to 2027 Biennium Gov Budget
<b>Total Ongoing</b>					
<b>A</b>					
11040 LEGISLATIVE BRANCH	4,654,135	5,629,827	5,629,827	21.0%	0.0%
11120 CONSUMER COUNSEL	3,171,914	3,700,260	3,400,260	7.2%	(8.1%)
31010 GOVERNOR'S OFFICE	100,000	14,151,760	100,000	0.0%	(99.3%)
34010 STATE AUDITOR'S OFFICE	38,778,721	60,524,720	23,077,220	(40.5%)	(61.9%)
58010 DEPARTMENT OF REVENUE	14,494,847	200,217,277	197,308,835	1,261.2%	(1.5%)
61010 DEPARTMENT OF ADMINISTRATION	15,306,158	17,564,096	17,560,436	14.7%	(0.0%)
65010 DEPARTMENT OF COMMERCE	20,515,005	20,957,026	21,964,011	7.1%	4.8%
66020 DEPARTMENT OF LABOR AND INDUSTRY	108,825,747	126,511,098	128,880,204	18.4%	1.9%
67010 DEPARTMENT OF MILITARY AFFAIRS	2,103,990	3,056,164	3,055,582	45.2%	(0.0%)
<b>B</b>					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	526,763,544	577,540,522	543,913,958	3.3%	(5.8%)
<b>C</b>					
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	175,344,022	223,624,542	237,853,377	35.6%	6.4%
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	66,966,003	74,937,161	74,937,159	11.9%	(0.0%)
54010 DEPARTMENT OF TRANSPORTATION	639,012,050	758,700,019	738,632,246	15.6%	(2.6%)
56030 DEPARTMENT OF LIVESTOCK	18,667,628	20,476,403	20,474,037	9.7%	(0.0%)
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	92,438,175	111,204,020	108,359,718	17.2%	(2.6%)
62010 DEPARTMENT OF AGRICULTURE	35,294,451	37,515,408	37,467,026	6.2%	(0.1%)
<b>D</b>					
21100 JUDICIAL BRANCH	7,104,914	6,309,574	7,956,296	12.0%	26.1%
41100 DEPARTMENT OF JUSTICE	164,312,112	192,501,070	180,328,344	9.7%	(6.3%)
42010 PUBLIC SERVICE COMMISSION	10,091,324	11,642,349	12,118,214	20.1%	4.1%
64010 DEPARTMENT OF CORRECTIONS	14,145,983	14,202,851	14,202,851	0.4%	0.0%
<b>E</b>					
35010 OFFICE OF PUBLIC INSTRUCTION	897,434,601	1,113,971,961	1,076,239,450	19.9%	(3.4%)
51010 BOARD OF PUBLIC EDUCATION	8	-	-	(100.0%)	
51020 COMMISSIONER OF HIGHER EDUCATION	69,619,548	76,801,497	76,801,497	10.3%	0.0%
51130 SCHOOL FOR THE DEAF & BLIND	586,514	611,470	611,470	4.3%	0.0%
51140 MONTANA ARTS COUNCIL	432,919	446,351	446,127	3.1%	(0.1%)
51150 MONTANA STATE LIBRARY	5,951,611	6,265,936	6,346,652	6.6%	1.3%
51170 MONTANA HISTORICAL SOCIETY	5,287,859	9,900,608	11,896,358	125.0%	20.2%
<b>Total Ongoing Total</b>	<b>2,937,403,783</b>	<b>3,688,963,970</b>	<b>3,549,561,155</b>	<b>20.8%</b>	<b>(3.8%)</b>
<b>Total OTO</b>					
<b>A</b>					
11040 LEGISLATIVE BRANCH		682,997	947,327		38.7%
11120 CONSUMER COUNSEL	297,068		300,000	1.0%	
31010 GOVERNOR'S OFFICE			51,760		
34010 STATE AUDITOR'S OFFICE	2,791,642			(100.0%)	
58010 DEPARTMENT OF REVENUE	(389)			(100.0%)	
61010 DEPARTMENT OF ADMINISTRATION	(38,681)			(100.0%)	
65010 DEPARTMENT OF COMMERCE	(145,579)			(100.0%)	
66020 DEPARTMENT OF LABOR AND INDUSTRY	2,213,626	100,000	100,000	(95.5%)	0.0%
67010 DEPARTMENT OF MILITARY AFFAIRS	(4,633)			(100.0%)	
<b>B</b>					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	(109,905)	409,880	58,604,851	(53,423.2%)	14,198.1%
<b>C</b>					
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	(210,474)	750,926	988,176	(569.5%)	31.6%
54010 DEPARTMENT OF TRANSPORTATION	(9,772,866)	2,371,123	2,371,123	(124.3%)	0.0%
56030 DEPARTMENT OF LIVESTOCK	326,611	863,048	863,048	164.2%	0.0%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	2,594,001	932,150	1,212,150	(53.3%)	30.0%
62010 DEPARTMENT OF AGRICULTURE	16,565	856,900	901,900	5,344.6%	5.3%
<b>D</b>					
21100 JUDICIAL BRANCH	99,693	400,000	400,000	301.2%	0.0%
41100 DEPARTMENT OF JUSTICE	(660,583)	11,019,346	6,068,000	(1,018.6%)	(44.9%)
42010 PUBLIC SERVICE COMMISSION	46,073			(100.0%)	
64010 DEPARTMENT OF CORRECTIONS	13,831			(100.0%)	
<b>E</b>					
35010 OFFICE OF PUBLIC INSTRUCTION	1,560		3,966,350	254,153.2%	
51010 BOARD OF PUBLIC EDUCATION	(8)			(100.0%)	
51140 MONTANA ARTS COUNCIL	(400)			(100.0%)	
51150 MONTANA STATE LIBRARY	1,800,000			(100.0%)	
51170 MONTANA HISTORICAL SOCIETY	48,000		650,000	1,254.2%	
<b>Total OTO Total</b>	<b>(694,848)</b>	<b>18,386,370</b>	<b>77,424,685</b>	<b>(11,242.7%)</b>	<b>321.1%</b>
<b>Grand Total</b>	<b>2,936,708,935</b>	<b>3,707,350,340</b>	<b>3,626,985,840</b>	<b>23.5%</b>	<b>(2.2%)</b>

## Federal Funds

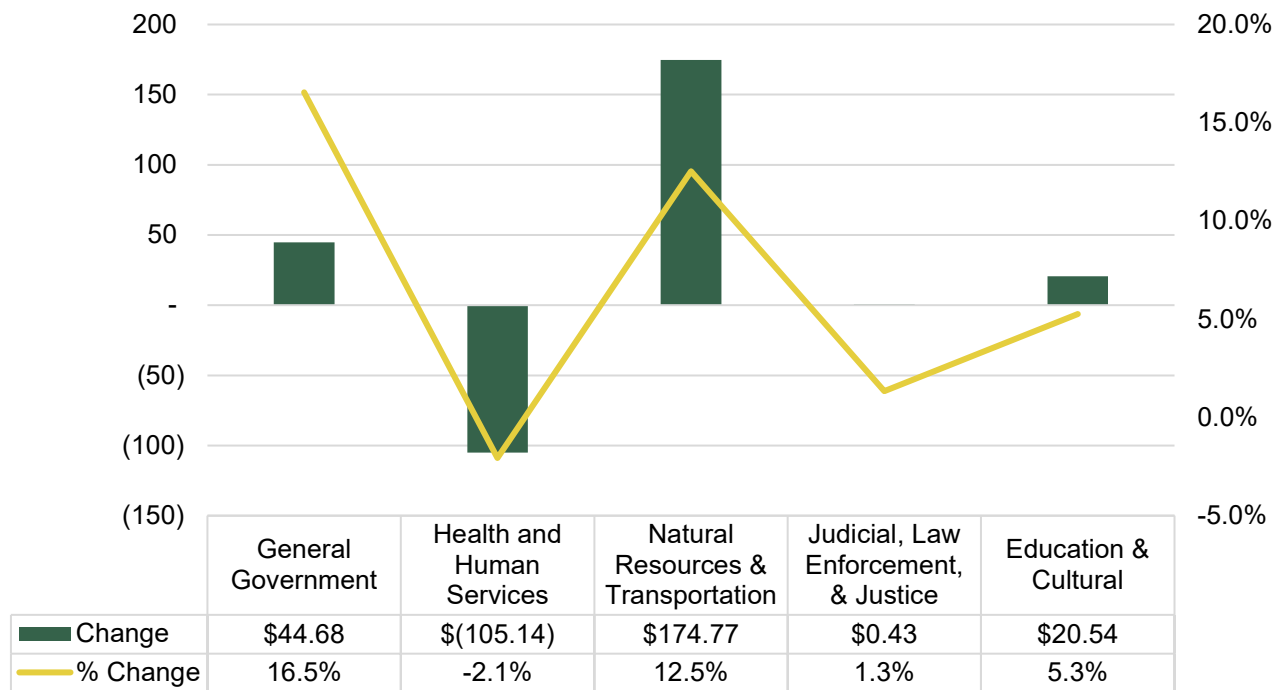
Federal funds are received from various federal funding sources. The federal government grants targeted funding that cannot be used except for the general or specific purposes intended by the grantor. The 2027 biennium federal funds total \$7,318.3 million or about 44.5% of the total HB 2 budget. Two functions: health and human services and natural resources and transportation receive 89.7% of the federal funds. The following graphic shows the 2027 biennium budgeted federal revenues by functional area of the budget.

2027 Biennium Legislative Budget by Section  
Federal Funds - HB 2 Only  
Total = \$7,318 (\$ Millions)



The chart below shows the change in federal funding compared to the 2025 biennium by function. The appropriations reflected in the chart include both ongoing and one-time-only changes.

This Chart Shows Growth in Dollars and Percentage for Federal Special Revenue Between the 2025 and 2027 Biennia HB 2 Legislative Budgets (\$ millions)



Overall federal funds increased 1.9% or \$135.3 million when compared to the 2025 biennium appropriations. The primary increases were in the State Auditor's office, where federal special revenue increased by 12.2% in FY 2026 and 15.9% in FY 2027 primarily due to the increase in the federal special revenue portion of the Montana Reinsurance Program.

The primary decrease was in DPHHS and associated with a lower FMAP, or matching rate for Medicaid, along with lower Medicaid caseload appropriations.

MDT received increased federal authority for surface transportation funding through the Infrastructure, Investment and Jobs Act passed by Congress. The legislature appropriated this additional federal funding in HB 2.

#### Ongoing Funding

The legislature increased ongoing federal funding by 1.4% or \$102.3 million more than the 2025 biennium with the largest increases in the DPHHS and State Auditor primarily for reasons mentioned in the previous paragraphs.

#### One-Time-Only Funding

The legislature adopted \$33.2 million more in OTO federal fund appropriations as compared to the 2025 biennium, an increase of 967.7%. This is driven by \$35.0 million in DPHHS associated with Medicaid benefits for behavioral health.

The table below shows state special revenue in HB 2, by agency, and compares each to the 2025 biennium appropriations and the executive proposal. One-time-only funds have been segregated from ongoing appropriations and appear shaded in the table. The appropriation percentage change from the 2025 biennium to the 2027 biennium is shown in the "Compared to 2025 Biennium" column.

Federal Funds HB 2 Only	2025 Biennium Approp	2027 Biennium Gov Budget	2027 Biennium Legislative Budget	Legislative Budget Compared to 2025 Biennium Approp	Legislative Budget Compared to 2027 Biennium Gov Budget
<b>Total Ongoing</b>					
<b>A</b>					
31010 GOVERNOR'S OFFICE		7,079,332			(100.0%)
34010 STATE AUDITOR'S OFFICE	68,200,000	95,028,466	95,028,466	39.3%	0.0%
58010 DEPARTMENT OF REVENUE	1,005,794	1,006,046	1,006,046	0.0%	0.0%
61010 DEPARTMENT OF ADMINISTRATION	37,070	57,070	57,070	54.0%	0.0%
65010 DEPARTMENT OF COMMERCE	39,524,437	43,691,482	43,691,202	10.5%	(0.0%)
66020 DEPARTMENT OF LABOR AND INDUSTRY	66,964,485	71,497,346	74,689,952	11.5%	4.5%
67010 DEPARTMENT OF MILITARY AFFAIRS	94,954,087	100,125,926	100,122,958	5.4%	(0.0%)
<b>B</b>					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	5,094,822,731	4,717,900,203	4,954,838,997	(2.7%)	5.0%
<b>C</b>					
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	79,413,873	68,249,487	68,249,487		
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	50,015,420	52,871,664	52,871,664	5.7%	0.0%
54010 DEPARTMENT OF TRANSPORTATION	1,250,614,474	1,436,266,300	1,435,658,780		
56030 DEPARTMENT OF LIVESTOCK	4,609,927	4,590,159	4,590,159	(0.4%)	0.0%
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	4,235,741	4,245,866	4,245,866	0.2%	0.0%
62010 DEPARTMENT OF AGRICULTURE	3,172,179	3,642,270	3,642,270	14.8%	0.0%
<b>D</b>					
21100 JUDICIAL BRANCH	753,927	757,600	757,600	0.5%	0.0%
41100 DEPARTMENT OF JUSTICE	30,497,769	31,125,200	31,125,200	2.1%	0.0%
42010 PUBLIC SERVICE COMMISSION	547,382	547,520	547,520		
<b>E</b>					
35010 OFFICE OF PUBLIC INSTRUCTION	346,687,278	368,688,579	365,487,973	5.4%	(0.9%)
51020 COMMISSIONER OF HIGHER EDUCATION	36,458,379	37,898,204	37,898,204	3.9%	0.0%
51130 SCHOOL FOR THE DEAF & BLIND	388,632	413,618	413,618	6.4%	0.0%
51140 MONTANA ARTS COUNCIL	1,573,132	1,604,865	1,604,431	2.0%	(0.0%)
51150 MONTANA STATE LIBRARY	2,994,841	3,109,956	3,109,956		
51170 MONTANA HISTORICAL SOCIETY	1,910,773	2,029,041	2,028,369	6.2%	(0.0%)
<b>Total Ongoing Total</b>	<b>7,179,382,331</b>	<b>7,052,426,200</b>	<b>7,281,665,788</b>	<b>1.4%</b>	<b>3.3%</b>
<b>Total OTO</b>					
<b>A</b>					
31010 GOVERNOR'S OFFICE			79,332		
58010 DEPARTMENT OF REVENUE	(1,332)			(100.0%)	
65010 DEPARTMENT OF COMMERCE	(20,205)			(100.0%)	
66020 DEPARTMENT OF LABOR AND INDUSTRY	(33,218)			(100.0%)	
67010 DEPARTMENT OF MILITARY AFFAIRS	(588,759)			(100.0%)	
<b>B</b>					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	457,056		35,017,390	7,561.5%	
<b>C</b>					
54010 DEPARTMENT OF TRANSPORTATION	3,520,000	1,470,667	1,470,667	(58.2%)	0.0%
56030 DEPARTMENT OF LIVESTOCK	(5,288)			(100.0%)	
62010 DEPARTMENT OF AGRICULTURE	6,291	41,600	41,600	561.3%	0.0%
<b>E</b>					
35010 OFFICE OF PUBLIC INSTRUCTION	96,166			(100.0%)	
51140 MONTANA ARTS COUNCIL	(1,889)			(100.0%)	
<b>Total OTO Total</b>	<b>3,428,822</b>	<b>1,512,267</b>	<b>36,608,989</b>	<b>967.7%</b>	<b>2,320.8%</b>
<b>Grand Total</b>	<b>7,182,811,153</b>	<b>7,053,938,467</b>	<b>7,318,274,777</b>	<b>1.9%</b>	<b>3.7%</b>

## HB 2 Companion Bills

Companion bills are used to implement substantive law changes needed to implement the budget included in HB 2. The following describes the necessary changes for funding decisions in HB 2:

### [HB 864](#) – Authorize transfers and other necessary measure to implement HB 2 Section E

Authorizes transfers and other necessary measure to implement HB 2 section E directs the following:

- For OCHE, the bill revises some language that directs the calculation of the community college funding formula and any reversion payments to or from the community colleges. It also increases the per-full-time equivalent student distribution for tribal non-beneficiary student support from \$3,280 to \$4,183.
- For OPI, the bill expands the uses of the school facility and technology account and coordinates the new uses of the fund with the changes made to the fund in HB 515. HB 2 contains two appropriations contingent on HB 864, the Montana Digital Academy (MTDA) Frontier Learning Lab (see DP 621) and funding to finish the database modernization project (see DP 623)
- For OPI, HB 864 also creates reporting requirements for the Office of Public Instruction related to funding for the database modernization project, in-state treatment, the MTDA Frontier Learning Lab, the implementation of the revised math content standards, the transformational learning program (see HB 573), and the implementation of high-quality instructional materials (see HB 462)

### [HB 913](#) – Authorize transfers and other necessary measures to implement HB 2 Section D

Authorizes transfers and other necessary measure to implement HB 2 section D directs the following:

- Changes 3-5-102, MCA, to include two additional judges in the 13<sup>th</sup> Judicial District that were provided for in HB 2.
- Creates a quarterly reporting requirement for the Department of Corrections regarding emails, messages, and other electronic communications to and from convicted offenders in the Montana State Prison.
- Changes statute which outlines the rates paid by the Department of Corrections for local jail holds. Previously, DOC had paid 10.0% less than the rate paid for housing inmates at Crossroads Correctional Center in Shelby which resulted in a per - diem rate of \$82.80. HB 913 creates a set rate of 85.30 for the upcoming biennium and disconnects these rates from those paid to Core Civic.
- Creates a one-time transfer of \$40,000 from the general fund to a new missing indigenous persons task force account which was established in HB 83 and appropriated in HB 2.
- Coordinates with HB 643 as both sections look to amend 7-32-2245. Coordination states that any modification to the statute in HB 643 is void if both bills are passed and approved.

### [HB 918](#) – Authorize transfers and other necessary measures to implement HB 2 Section B

Authorizes transfers and other necessary measure to implement HB 2 section B directs the following:

- Establishes a quarterly reporting requirement related to the Olmstead plan

### [HB 936](#) - Authorize transfers and other necessary measures to implement HB 2 Section B

Authorizes transfers and other necessary measure to implement HB 2 section B directs the following:

- Establishes additional reporting requirements
- Expands the uses for the Behavioral Health System for Future Generations (BHSFG) state special revenue fund
- Establishes a long-term sustainability committee to analyze and propose mechanisms to provide sustainable funding for the objectives of HB 872 from the 2023 Legislative Session

## Long-Range Planning

The Long-Range Planning (LRP) subcommittee analyzes appropriations and grant authorizations for capital projects. The capital project budgets include investment in various forms of infrastructure including the acquisition of lands, construction and major maintenance of lands and buildings, maintenance and development of water-related infrastructure, reclamation activities, and information technology. For more information on all the LRP programs and projects, refer to Section F of the 2027 Biennium Legislative Fiscal Report.

### LRP Budgets

The 69<sup>th</sup> Legislature approved total funds spending of \$1,355.6 million in the LRP budgets. For the 2027 biennium, the legislature appropriated funding for eight LRP programs. The LRP programs include:

- Long-Range Building Program (LRBP) – acquisition, construction, and major maintenance of state-owned lands and buildings, administered by the Architecture & Engineering Division at the Department of Administration
- Long-Range Information Technology Program (LRITP) – major information technology build and upgrade, administered by the SITSD Division at the Department of Administration
- Montana Coal Endowment Program (MCEP) – water, wastewater, solid waste, and bridge infrastructure grants to local governments, administered by the Department of Commerce
- Montana Historic Preservations Grant Program (MHPG) – grants for public or private entities to complete activities for the preservation of historic sites, historical societies, or history museums in the state, administered by the Department of Commerce
- Montana Coal Endowment Regional Water Program (MCEPRW) – matching funds for major regional water projects, administered by the Department of Natural Resources and Conservation
- Renewable Resource Grant and Loan Program (RRGL) – grants to local governments for projects that measurably conserve, develop, manage, or preserve resources, administered by the Department of Natural Resources and Conservation
- Reclamation and Development Grant Program (RDGP) – grants for the reclamation of lands degraded by resource severance activities, administered by the Department of Natural Resources and Conservation
- Cultural and Aesthetic Grant Program (C&A) – arts, cultural, and historical grants, administered by the Montana Arts Council

There was not an appropriation made to the ninth LRP Program, State Building Energy Conservation Program (SBECP) for the 2027 biennium. HB 217 transferred the SBECP from the Department of Environmental Quality to the Department of Administration Division of Architecture and Engineering and no funding was authorized in the 2027 biennium.

LRP Total Appropriations by Bill and Fund Type								
Bill #	Program	General Fund	LRBP CD & MR Projects	State Special	Federal Special	CST Bonds	Authority (Non-State)	Total
HB 5	LRBP	193,715,000	247,540,000	130,617,180	90,652,500		159,950,000	\$822,474,680
HB 5	O&M	25,610,293		883,987	587,600		499,489	\$27,581,369
HB 833	Correctional Capacity	246,000,000						\$246,000,000
HB 876	Sawmill Transfer	6,000,000						\$6,000,000
HB 924	Housing Trust Transfer	10,000,000						\$10,000,000
Total HB 5/833/876/924		\$481,325,293	\$247,540,000	\$131,501,167	\$91,240,100		\$160,449,489	\$1,112,056,049
HB 6	RRGL - Grants			10,144,500				\$10,144,500
HB 7	RDGP			6,273,260				\$6,273,260
HB 8	RRGL - Loans					133,318,288		\$133,318,288
HB 9	C&A			978,520				\$978,520
HB 10	LRITP	38,702,846		8,447,500	6,065,155			\$53,215,501
HB 11	MCEP & MCEPRW			33,704,241				\$33,704,241
HB 12	MHPG			5,918,092				\$5,918,092
Total LRP Bills		\$520,028,139	\$247,540,000	\$196,967,280	\$97,305,255	\$133,318,288	\$160,449,489	\$1,355,608,451

*Note: Funding from the column titled Authority, representing 12% of the total LRP funding, are not technically appropriations. Authority refers to non-state funds, typically university funds and donations. These items are included in the table because the statute requires that capital building projects with costs more than \$300,000 must be authorized by the legislature regardless of the source of funding.*

### Legislative Action

Total legislative appropriations and authority for the LRP budgets are \$1,355.6 million; and except for the coal severance tax bonds for which the debt service is repaid by the loan recipient, the LRP program budgets are entirely funded with cash. No general fund general obligations bonds were proposed or authorized to the fund the approved projects. This amount is a 12.0% decrease from the LRP budgets in the 2025 biennium.

The LRP budgets contain several significant appropriations, including:

- A general fund transfer of \$150.0 million to the Capital Development (CD) Fund for the Department of Correction (DOC) project for the Montana State Prison Low-Side Housing Expansion, and \$29.8 million for other DOC facility upgrades which includes \$21.0 million for utilities to support the new low-side housing complex that was approved in the 2025 biennium
- HB 833 includes an addition transfer of \$246 million to the CD Fund and \$246 million in CD fund appropriations for additional correctional capacity
- Department of Military Affairs (DMA) appropriated \$23.1 million for an Army Aviation Support Facility in Billings, \$1.8 for a new training drop zone for the Air National Guard, a new Internment processing center at the MT State Veteran's Cemetery for \$1.9 million, and additional deferred maintenance at \$1.5 million in CD Funding combined with \$4.5 million in federal funding
- Department of Justice (DOJ) appropriated \$10.0 million for a new indoor Firearms range for the Law Enforcement Academy
- Department of Natural Resources Conservation (DNRC) appropriated \$10.0 million for firefighter bunkhouses and \$3.0 million for a new Forestry & Trust Lands office in Missoula
- Department of Public Health and Human Services (DPHHS) appropriated \$15.2 million in upgrades, and Montana School for the Deaf and Blind (MSDB) appropriated \$5.1 million for upgrades
- The Montana University System appropriated \$50.0 million for various upgrades and modernization projects, including an additional \$16.3 million in authority to spend non-state funds
- Fish and Wildlife & Parks (FWP) appropriated \$96.2 million in state special funding for various facility projects, with an additional \$10.9 million in federal funding

- Montana Department of Transportation (MDT) appropriated \$18.5 in state special revenue funding and \$68.9 million appropriated to DMA in federal special funding for capital improvements to be performed directly by those agencies
- Funding of \$10.0 million appropriated for a reserve fund within CD Fund for Market, Supply Chain and Inflationary Impacts
- Governor's office to address Deferred Maintenance at the capitol complex with an appropriation of \$50.0 million from the CD Fund. DOA is also appropriated \$11.8 million for capital complex renovations and \$2.0 million for capital projects planning studies

### **Capital Development Fund**

The CD Fund, established in HB 553 in the 2019 session, was developed to provide a cash funding source of revenue for capital projects. The fund, per 17-7-208, MCA receives funding from several sources including:

1. Appropriated general fund transfers from HB 2 (17-7-208 MCA)
  - 1% of the amount of the state general fund revenue, as determined or before August 15 of the year preceding a legislative session less the:
    - i. general fund general obligation bond debt service, and
    - ii. projected general fund debt service for general fund general obligation bonds proposed in the executive budget.
2. Overflow funding from the budget stabilization reserve fund (BSR) (17-7-130 MCA)
3. Accommodations & Campground Tax (15-68-820 MCA)
4. Other deposits/transfers made by the legislature and investment earnings (17-7-209 MCA)

A brochure was recently published that explains funding for the LRBP program and CD Fund, and is found [here](#).

The following figure provides the fund balance projection for the CD fund. The fund is projected to begin the 2027 biennium with a balance of \$197.2 million resulting from: budget stabilization fund overflow deposits in the 2025 biennium of \$75.0 million; a HB 2 appropriated transfer of \$47.3 million; \$1.9 million in accommodations & campground tax revenues that began in FY 2025; and significant interest earnings from the higher than normal cash balance due to obligated but not yet released funds from prior biennium projects along with higher interest rates which brought in \$72.5 million in the 2025 biennium. Additionally, a transfer of \$5.0 million of legislative branch state special revenue funds to the CD fund was included in HB 856 to provide funding for the Capital Complex Legislative Branch project. Finally, HB 4 from 2025 Session includes a transfer of ARPA interest that is estimated to be approximately \$45.8 million in FY 2025 and \$8 million in FY 2026.

Capital development fund revenues, including transfers, are projected to total \$515.8 million for the 2027 biennium. This revenue includes a one-time only general fund transfer of \$150 million for the Montana State Prison low-side housing expansion project, and another one-time only general fund transfer of \$246 million authorized in HB 833 for the Correctional capacity expansion project.



Capital Development Account Fund Balance Analysis - 2027 Biennium Fund 05031					
	FY 2024 Actual	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	2027 Biennium Projected
<b>Beginning Fund Balance</b>	<b>\$ 697,781,259</b>	<b>\$ 682,480,221</b>	<b>\$ 197,205,921</b>	<b>\$ 1,935,054</b>	<b>\$ 197,205,921</b>
<b>Revenues</b>					
BOI Investment Earnings <sup>1</sup>	37,424,163	35,058,358	22,469,133	13,460,738	35,929,871
Transfers from BSR	4,556,937	70,421,354			
OTO Transfer Request 69th Session			150,000,000		150,000,000
HB4 ARPA Transfer		45,776,448	8,000,000		8,000,000
HB856 Sec.10 #5 - Capitol Complex Legis. Branch Accommodations & Campgrounds Tax <sup>1</sup>	5,000,000	1,870,000	4,550,000	4,810,000	9,360,000
Present law transfer of general fund - HB 2	23,137,457	24,187,099	33,250,000	33,250,000	66,500,000
HB 833 Transfer of General Fund for additional Correctional Capacity			246,000,000		246,000,000
<b>Total Revenues</b>	<b>\$ 70,118,557</b>	<b>\$ 177,313,259</b>	<b>\$ 464,269,133</b>	<b>\$ 51,520,738</b>	<b>\$ 515,789,871</b>
<b>Expenditures</b>					
Transfer to MR Fund	41,420,091				
Transfer to Capitol Land Grants fund	2,000,000				
Prior Biennia Projects	12,186,031	57,917,876			
Non-Qualifying ARPA 604 Projects	548,039	36,101,795			
HB 817 DOC Projects	3,033,284	175,407,547			
HB 856 LRBP Projects	1,651,653	82,043,765			
HB 872 - DPHHS Behavioral Health Initiative		75,000,000			
Current Biennium Projects - HB 5	24,580,497	236,116,576	397,540,000		397,540,000
HB 833 Additional Correctional Capacity			246,000,000		246,000,000
HB 876 Sawmill Transfer out			6,000,000		6,000,000
HB 924 Finance Laws - Transfer out to Montana Housing Trust			10,000,000		10,000,000
<b>Total Expenditures/Appropriations</b>	<b>\$ 85,419,595</b>	<b>\$ 662,587,559</b>	<b>\$ 659,540,000</b>	<b>\$ -</b>	<b>\$ 659,540,000</b>
<b>Estimated Ending Fund Balance</b>	<b>\$ 682,480,221</b>	<b>\$ 197,205,921</b>	<b>\$ 1,935,054</b>	<b>\$ 53,455,792</b>	<b>\$ 53,455,792</b>

<sup>1</sup> HJ2 for FY 2026-2027, executive estimate for FY 2025

Appropriations from the CD fund included in HB 5, HB 833, HB 876, and HB 924 to support major construction projects in the LRBP total \$659.5 million. The CD fund is expected to finish the 2027 biennium with a balance of \$53.5 million. This balance may be available to fund future capital development projects or to act as a rainy-day fund if funding is needed to help with shortfalls, pending legislative authorization.

## STATUTORY APPROPRIATIONS

Statutory appropriations are in statute and are not part of the biennial budgeting process. As such, they are not automatically reviewed by the legislature and are not subject to the priority setting process like temporary appropriations (such as those in HB 2). Since the appropriations are in statute, they remain in place until sunset, removed or changed by legislation. However, all statutory appropriations are available for the legislature to review and change if desired.

Valid statutory appropriations are contained in a list in [17-7-502, MCA](#). The list provides statutory citations for each statutory appropriation. Statutory appropriations are intended for limited situations, and guidelines for the appropriateness for establishing them are specified in [17-1-508, MCA](#). The Legislative Fiscal Division has prepared a [guide to statutory appropriations](#) for further information.

### Legislative Action

The 69th Legislature made changes to existing statutory appropriations and established new statutory appropriations. The decisions impacted general fund, state special revenue, federal special revenue, and enterprise funds. Significant legislative action included the following:

#### Updates to Existing Statutory Appropriations

[HB 85](#) – Reinstating former employer contributions for JRS, HPORS, SRS, GWPORS

Reinstates former employer contribution rates for law enforcement retirement systems by statutorily appropriating from the general fund 10.18% of members' total compensation

[SB 315](#) – Allocate funding for petroleum tank cleanup

Revises the statutorily appropriated petroleum tank release cleanup fund to reimburse owners and operators for board-approved preventative measures

[SB 409](#) – Generally revise laws related to the department of commerce

Makes permanent the emergency lodging and recovery for victims of domestic violence or human trafficking state special revenue account which is statutorily appropriated to the Department of Justice for providing grants funding to establishments providing short-term lodging for such victims

#### Established New Statutory Appropriations

[HB 56](#) – Establish ambulance provider assessment fee program

Establishes an ambulance provider assessment fee state special revenue account statutorily appropriated to the Department of Public Health and Human Services to reimburse the Department of Revenue for its costs in administering the fee's account, and to pay for increases in Medicaid payments to emergency ambulance service providers

[HB 161](#) – Establish a vending machine account in the special revenue fund

Establishes a vending machine state special revenue account and statutorily appropriated funds from the collection of vending machine income to the Department of Public Health and Human Services

[HB 227](#) – Establish a contingent litigation fund for occupational licensing boards and programs

Establishes a state special revenue account for contingent litigation fees with funds statutorily appropriated to the Department of Labor and Industry for legal fees and costs associated with the discipline of a licenses issued by a licensing board

[HB 281](#) – Provide statutory appropriation of reinsurance program assessments

Establishes a statutory appropriation to the Insurance Commissioner of the funds collected for and held in the reinsurance program state special revenue account for program administration, operation, and claims expenses

The table below shows the existing statutory appropriation estimates prior to the 2025 Legislative Session.

Statutory Appropriations FY 2024 - FY 2029 (\$ Millions)						
	2024 Actuals	2025 (Estimate)	2026 (Estimate)	2027 (Estimate)	2028 (Estimate)	2029 (Estimate)
<b>General Fund</b>						
Retirement						
<a href="#">19-3-320 Statutory Appropriation to PERS</a>	\$35.330	\$35.683	\$36.040	\$36.400	\$36.764	\$37.132
<a href="#">19-3-319 Local Gov. Retirement Contribution</a>	1.376	1.421	1.467	1.515	1.564	1.615
<a href="#">19-6-404 MHP Retirement Transfer</a>	-	-	-	-	-	-
<a href="#">19-6-410 MHP Supplemental Retirement Transfer</a>	-	-	-	-	-	-
<a href="#">19-9-702 Police Retirement Contribution</a>	20.489	21.155	21.843	22.553	23.286	24.043
<a href="#">19-13-604 Firefighters' Association Contribution</a>	23.576	24.343	25.134	25.951	26.794	27.665
<a href="#">19-17-301 Volunteer Firefighter Fund Contribution</a>	3.519	3.801	4.105	4.433	4.788	5.171
<a href="#">19-18-512 Fire Department Relief Association Contribution</a>	0.447	0.447	0.447	0.447	0.447	0.447
<a href="#">19-19-305 Police (Non-PERS) Retirement Contribution</a>	0.160	0.154	0.148	0.142	0.136	0.131
<a href="#">19-19-506 Police Officer Pension Supplemental Contribution</a>	-	-	-	-	-	-
<a href="#">19-20-604 Teacher's Retirement Supplemental Contribution</a>	1.080	1.115	1.151	1.189	1.227	1.267
<a href="#">19-20-607 Teachers' Retirement System Contribution</a>	47.768	48.389	49.018	49.656	50.301	50.955
<a href="#">19-21-203 MUS Retirement Contribution</a>	1.970	2.009	2.049	2.090	2.132	2.175
Subtotal	\$135.716	\$138.517	\$141.402	\$144.375	\$147.439	\$150.599
Economic Development						
<a href="#">15-35-108(11)(b)(i)(A) Coal Sev. to Coop. Dev. Center</a>	0.065	0.065	0.065	0.065	-	-
<a href="#">15-35-108(11)(b)(i)(B) Coal Sev. to Growth Through Ag</a>	0.900	0.900	0.900	0.900	-	-
<a href="#">15-35-108(11)(b)(i)(C) Coal Sev. to MT Food &amp; Ag</a>	0.600	0.600	0.600	0.600	-	-
<a href="#">15-35-108(11)(b)(ii) Coal Sev. to Dept. of Commerce</a>	1.800	1.800	1.800	1.800	-	-
<a href="#">15-70-433 Biodiesel Tax Refunds</a>	-	-	-	-	-	-
Subtotal	\$3.365	\$3.365	3.365	3.365	-	-
Local Assistance						
<a href="#">7-4-2502 Payment of County Attorneys</a>	4.003	4.121	4.225	4.332	4.441	4.553
<a href="#">15-1-121 Local Government Combined Distribution</a>	162.008	167.646	173.233	178.950	184.856	190.956
<a href="#">22-1-327 State Aid to Public Libraries</a>	0.542	0.542	0.542	0.542	0.542	0.542
Subtotal	\$166.553	\$172.309	178.001	183.824	189.839	196.051
Other						
<a href="#">10-1-1202 National Guard Death Benefit</a>	-	-	-	-	-	-
<a href="#">10-3-310 Incident Response Appropriation</a>	-	-	-	-	-	-
<a href="#">10-3-312 Emergency and Disaster Appropriation</a>	8.286	11.714	8.250	8.250	8.250	8.250
<a href="#">15-1-218 Out of State Collections</a>	0.149	0.200	0.200	0.200	0.200	0.200
<a href="#">16-11-509 Tobacco Enforcement</a>	-	-	-	-	-	-
<a href="#">17-3-106 Return of Federal Grant Interest</a>	0.005	0.005	0.005	0.005	0.005	0.005
<a href="#">17-3-106 Return of Federal Grant Money (GSD Only)</a>	0.311	0.310	0.310	0.310	0.310	0.310
<a href="#">17-3-106 Return of Federal Grant Money</a>	0.745	0.220	0.220	0.220	0.220	0.220
<a href="#">HB 676 2019 Session</a>	0.045	0.045	0.045	0.045	0.045	0.045
<a href="#">17-1-205 Loan to G.F. / other</a>	-	-	-	-	-	-
<a href="#">17-6-101 Banking Charges</a>	2.437	2.437	2.437	2.437	2.437	2.437
<a href="#">17-7-502(4) Bond Fees &amp; Costs (Debt Service)</a>	-	0.134	0.134	0.134	0.134	0.134
<a href="#">17-7-502(4) Bond Fees &amp; Costs (Issuance costs)</a>	0.073	0.073	0.073	0.073	0.073	0.073
<a href="#">Highways &amp; Engineering</a>	-	-	-	-	-	-
<a href="#">53-6-1304 SB 405 HELP Act</a>	-	-	-	-	-	-
<a href="#">ADD DMA Disaster Emergency Funds</a>	3.345	4.000	4.000	4.000	4.000	4.000
<b>2023 Session</b>						
<a href="#">HB 222 &amp; HB 816</a>	144.258	191.395	-	-	-	-
Subtotal	\$159.654	\$210.533	15.675	15.675	15.675	15.675
General Fund Total	\$465.288	\$524.724	\$338.442	\$347.239	\$352.953	\$362.325
Remaining Statutory Appropriations - Legislative Fiscal Division Estimates (\$Millions)						
	2024 Actual	2025 (Estimate)	2026 (Estimate)	2027 (Estimate)	2028 (Estimate)	2029 (Estimate)
<b>State Special Funds</b>						
<a href="#">20-9-622 Guarantee Account to BASE Aid</a>	\$64.479	\$57.756	\$59.021	\$59.590	\$59.997	\$59.665
<a href="#">10-4-310 9-1-1 GIS mapping account created</a>	0.497	0.450	0.450	0.450	0.450	0.450
<a href="#">15-36-332 Oil &amp; Gas Distribution to Counties</a>	60.288	61.645	65.283	66.976	66.505	65.988
<a href="#">15-68-102 Lodging Sales Tax</a>	2.919	6.564	11.546	12.019	12.529	12.972
<a href="#">15-65-121 Lodging Facility Use Tax Distribution</a>	61.396	62.281	64.144	66.774	69.603	72.065
<a href="#">15-70-101 Fuel Tax to Local Governments</a>	47.577	47.612	48.441	49.318	50.188	51.188
<a href="#">17-3-241 Mineral Impact Account</a>	6.040	9.112	8.519	8.390	8.366	8.318
<a href="#">HB 141, 2023 session proposed 85-20-1504 Blackfeet Water C</a>	-	2.000	2.000	2.000	2.000	2.000
<a href="#">HB 67 2021 Session CC FTE Adjustment Account</a>	-	-	-	-	-	-
2023 Session						
<a href="#">HB 51 (81-2-203. Indemnity special revenue account )</a>	0.01	0.01	0.01	0.01	0.01	0.01
<a href="#">HB 192 (extra in HB 816)</a>	494.556					
<a href="#">HB 251</a>	20.278	138.908				
<a href="#">HB 332</a>				40.000		
<a href="#">HB 393</a>	-	0.034	0.035	0.036	0.037	0.038
<a href="#">HB 852</a>	0.023	0.023	0.023	0.023	0.023	0.023
<a href="#">SB 536</a>	29.642	10.000	6.199	10.765	10.000	10.000
All Other State Special	135.542	114.337	117.432	119.598	121.728	118.274
State Special Total	\$923.246	\$510.733	\$383.102	\$435.950	\$401.436	\$400.991

	2024 Actuals	2025 (Estimate)	2026 (Estimate)	2027 (Estimate)	2028 (Estimate)	2029 (Estimate)
<b>Federal Special Funds</b>						
<a href="#">53-6-148 Indian Health Services</a>	\$99.121	\$107.180	\$108.788	\$110.420	\$112.076	\$113.757
<a href="#">17-3-212 Federal Forest Funds to Counties</a>	13.397	4.682	4.802	4.958	4.958	4.958
<a href="#">17-7-502(4) Highway 93 Debt Service</a>	-	-	-	-	-	-
<a href="#">Coronavirus Relief</a>	-	-	-	-	-	-
<a href="#">ADD DMA Disaster Emergency Funds</a>						
HB 106, 2023 Session	0.626	1.030	1.030	1.030	1.030	1.030
All Other Federal Funds	53.304	26.240	29.128	31.362	34.506	34.908
<b>Federal Special Total</b>	<b>\$166.449</b>	<b>\$139.132</b>	<b>\$143.748</b>	<b>\$147.770</b>	<b>\$152.569</b>	<b>\$154.653</b>
<b>Capital Projects and Enterprise Funds</b>						
<a href="#">23-7-402 Lottery Prizes</a>	\$109.200	\$115.423	\$120.434	\$126.263	\$132.374	\$138.781
<a href="#">23-7-301 Lottery Commission/Fees</a>	17.221	18.060	18.831	19.822	20.866	21.965
HB 292 existing, 2023 session eliminates termination date	0.284	0.377	0.307	0.307	0.313	0.320
All Other	5.397	2.895	2.843	3.024	3.377	3.507
<b>Capital Projects and Enterprise Funds Total</b>	<b>\$132.102</b>	<b>\$136.755</b>	<b>\$142.415</b>	<b>\$149.416</b>	<b>\$156.931</b>	<b>\$164.573</b>
<b>Total Statutory Appropriations (All Funds)</b>	<b>\$1,687.085</b>	<b>\$1,311.343</b>	<b>\$1,007.707</b>	<b>\$1,080.374</b>	<b>\$1,063.888</b>	<b>\$1,082.542</b>

## GENERAL FUND TRANSFERS

The Montana Constitution requires that all money paid out of the state treasury, except interest paid on the public debt, be done with an appropriation. However, the state treasury consists of multiple funds, and with proper legislative authorization, money may be transferred from one fund to another without an appropriation. Like statutory appropriations, these transfers and authorizations are existing law and are not part of the biennial budgeting process. Transfers impact the amount of money available for the legislature to appropriate for specific programs.

### Legislative Action

The 69th Legislature authorized, changed, or adopted multiple general fund transfers. Significant changes for the 2025 biennium are as follows:

#### [HB 5](#) – Long-range building appropriations

Transfers \$150.0 million from the state general fund to the capital developments long-range building program fund and \$2.0 million from the state general fund to the state special revenue account for leaking petroleum tank remediation

#### [HB 10](#) – Long-range information technology appropriations

Transfers \$38.7 million from the state general fund to the long-range information technology program fund on an as needed basis by June 30, 2027

#### [HB 231](#) – Revise property tax rates for certain property

Transfers \$90.0 million from the state general fund to the property tax assistance account

#### [HB 505](#) – Allow Montana housing infrastructure revolving loan fund to retain its interest and income

Transfers \$50.0 million from the state general fund to the Montana housing infrastructure revolving loan fund account

#### [HB 515](#) – Generally revise laws relating to school facilities

Transfers an amount sufficient from the state general fund to bring the balance of the school facilities fund up to \$275.0 million. It is estimated that this transfer will total \$50.0 million.

#### [HB 808](#) – Creating the Montana brownfields program

Transfers \$200,000 in each year of the 2027 biennium from the state general fund to the brownfields site redevelopment fund

[HB 833](#) – Provide funding to increase correctional capacity

Transfers \$246.0 million from the state general fund to the capital developments long-range building program account

[HB 913](#) – Authorize transfers and other necessary measures to implement HB 2 Section D

Transfers \$40,000 from the state general fund to the missing indigenous persons task force account

[HB 924](#) – Generally revise state finance laws

Authorizes the following transfers from the state general fund:

- In FY 2025:
  - \$20.0 million to the state property tax assistance account
  - \$10.0 million to the Montana water development state special revenue account
  - \$10.0 million to the better local bridge state special revenue account
  - \$10.0 million to the Montana early childhood state special revenue account
  - \$250.0 million to the pension fund
  - \$50.0 million for bridges to the distribution portion of the Montana growth and opportunity trust
  - \$174.0 million to the distribution portion of the Montana growth and opportunity trust
- In FY 2026:
  - \$60.2 million to the distribution portion of the Montana growth and opportunity trust
  - \$48.2 million to the pension fund
  - \$12.0 million to the Montana housing trust
- In FY 2027:
  - \$36.8 million to the pension fund
  - \$46.0 million to the distribution portion of the Montana growth and opportunity trust
  - \$9.2 million to the Montana housing trust

The table below shows the existing general fund non-budgeted transfer estimates prior to the 2025 Legislative Session.

General Fund Non-Budgeted Transfers: LFD Estimates (\$ Millions)						
Statutory Reference	2024 Actuals	2025 Estimate	2026 Estimate	2027 Estimate	2028 Estimate	2029 Estimate
<b>Vehicle</b>						
<a href="#">15-1-122(1) Adoption Services Account</a>	\$0.225	\$0.247	\$0.272	\$0.299	\$0.329	\$0.362
<a href="#">15-1-122(2) Research &amp; Commercialization Account</a>	-	-	-	-	-	-
<a href="#">15-1-122(2)(a) Motor Vehicle Recycling &amp; Disposal Program</a>	1.835	1.848	1.864	1.880	1.894	1.907
<a href="#">15-1-122(2)(b) Noxious Weed Account</a>	1.859	1.873	1.890	1.906	1.920	1.933
<a href="#">15-1-122(2)(c)(i) Boat Facilities &amp; Off-Highway Vehicles</a>	0.570	0.574	0.579	0.584	0.589	0.593
<a href="#">15-1-122(2)(c)(ii) Snowmobile Facility Development &amp; Maint.</a>	0.124	0.125	0.126	0.127	0.128	0.129
<a href="#">15-1-122(2)(c)(iii) Motorboat Account</a>	0.198	0.200	0.202	0.203	0.205	0.206
<a href="#">15-1-122(3)(d) State Veterans' Cemetery Account</a>	0.247	0.248	0.251	0.253	0.255	0.256
<a href="#">15-1-122(2)(d) Veteran's Services Account</a>	0.758	0.763	0.770	0.776	0.782	0.788
<a href="#">15-1-122(3)e Search &amp; Rescue Account</a>	0.050	0.050	0.050	0.051	0.051	0.052
<b>Other Transfers</b>						
<a href="#">15-1-122(3)(a) Livestock Loss</a>	0.300	0.300	0.300	0.300	0.300	0.300
<a href="#">15-1-122(3)(b) Livestock Loss (2021 session)</a>	0.100	0.100	0.100	0.100	0.100	0.100
<a href="#">17-1-511(2) Rural Physicians</a>	0.227	0.227	0.227	0.227	0.227	0.227
<a href="#">39-11-206 Commerce Training Account</a>	-	-	-	-	-	-
<a href="#">39-71-2352(6) Old State Fund Shortfall</a>	-	-	-	-	-	-
<a href="#">44-4-1607 DOJ Statewide Public Safety Communication System Account</a>	-	-	-	-	-	-
<a href="#">77-1-108(5a) Trust Land Adm.</a>	0.080	-	0.080	-	0.080	-
<a href="#">85-2-280 Water Adjudication</a>	4.627	3.200	4.000	4.000	4.000	-
<a href="#">85-2-527 Ground Water</a>	-	-	-	-	-	-
<a href="#">87-2-816 Purple Heart Free Hunting</a>	-	-	-	-	-	-
<a href="#">87-2-817 Military Free Hunting</a>	0.019	0.019	0.019	0.019	0.019	0.019
<a href="#">76-13-150(5) Fire Suppression Account</a>	-	49.368	-	113.700	-	105.300
<a href="#">HB 373 (2021 session)</a>	-	0.179	0.704	1.149	-	-
<a href="#">HB 374 (2021 session)</a>	-	-	-	-	-	-
<b>Subtotal of Ongoing Transfers</b>	<b>\$11.219</b>	<b>\$59.322</b>	<b>\$11.434</b>	<b>\$125.575</b>	<b>\$10.879</b>	<b>\$112.172</b>
<b>One-time transfers</b>						
<a href="#">17-7-130 Budget Stabilization Reserve Fund</a>	25.860	-	-	-	-	-
<a href="#">76-13-150 Fire Suppression Account</a>	-	-	-	-	-	-
<a href="#">17-7-209, Capital Development Long Range Building Program Fund</a>	4.557	70.421	-	44.816	-	-
HB 5 (2023 session)	11.000	-	-	-	-	-
HB 6 (2023 session)	26.000	-	-	-	-	-
HB 10 (2023 session)	23.940	121.291	-	-	-	-
HB 18 (2023 session)	0.061	-	-	-	-	-
HB 163 (2023 session)	0.005	-	-	-	-	-
HB 192 (2023 session)	-	-	-	-	-	-
HB 251 (2023 session)	-	-	-	-	-	-
HB 267 (2023 session)	0.000	-	-	-	-	-
HB 321 (2023 session)	71.631	-	-	-	-	-
HB 332 (2023 session)	40.000	-	-	-	-	-
HB 424 (2023 session)	0.000	-	-	-	-	-
HB 816 (2023 session)	0.000	-	-	-	-	-
HB 819 (2023 session)	156.000	-	-	-	-	-
HB 835 (2023 session)	0.000	-	-	-	-	-
HB 856 (2023 session)	0.000	-	-	-	-	-
HB 868 (2023 session)	0.000	-	-	-	-	-
HB 872 (2023 session)	155.000	-	-	-	-	-
HB 952 (2023 session)	0.400	-	-	-	-	-
SB 294 (2023 session)	10.000	-	-	-	-	-
SB 536 (2023 session)	100.000	-	-	-	-	-
<b>Other Adjustments</b>						
<b>Total General Fund</b>	<b>\$635.672</b>	<b>\$251.034</b>	<b>\$11.434</b>	<b>\$170.391</b>	<b>\$10.879</b>	<b>\$112.172</b>

## OTHER GENERAL FUND APPROPRIATION LEGISLATION

In addition to HB 2, long-range capital projects appropriations, statutory appropriations, and non-budgeted transfers, general fund appropriation authority was provided through other bills as adopted by the 69th Legislature. The following table summarizes other appropriation bills (general fund only) commonly referred to as cat and dog bills. The general fund appropriation bills total \$266.2 million for the three-year period.

General Fund Appropriations (\$ Millions)			
	FY 2025	FY 2026	FY 2027
HB0001 Feed bill to fund 69th legislative session and prepare for 2027	\$ 9.7	\$ 3.5	\$ 5.9
HB0003 Supplemental Appropriations Bill	70.8	-	-
HB0005 Long-range building appropriations	-	2.6	19.5
HB0013 State Employee Pay Plan	-	26.3	53.2
HB0055 Revising public utility resource planning laws	-	0.2	-
HB0056 Establish ambulance provider assessment fee program	-	0.8	0.1
HB0070 Study of wildland firefighting	-	0.0	0.0
HB0085 Reinstating former employer contributions for JRS, HPORS, SRS, GWPORS	-	4.7	-
HB0117 Establish criminal justice data warehouse priorities	-	0.7	0.7
HB0153 Revise laws related to the school funding interim commission	0.0	-	-
HB0231 Revise property tax rates for certain property	0.5	3.5	-
HB0234 Extend the use of funding for lead-in-schools appropriated in 2023	-	1.8	1.8
HB0252 Create the student and teacher advancement for results and success act (STARS)	-	0.1	0.1
HB0284 Establish an interim committee to investigate civil rights violations and censorship within the MUS	-	0.0	0.0
HB0357 Provide funding for middle school career and technical education	-	-	0.2
HB0419 Implementing cost reporting for certain Medicaid service provider types	-	0.3	0.3
HB0476 Establish grant program for newborn safety devices	-	0.1	0.1
HB0483 Revise laws to reduce property taxes while preserving the current 95 school equalization mills	-	15.6	15.6
HB0499 Extend the grow your own grant program	-	0.3	0.3
HB0832 Establish PTSD nonmedication therapy training grant program	-	0.3	0.3
HB0833 Provide funding to increase correctional capacity	-	3.8	3.8
HB0834 Create a government evidence and impact commission	0.0	0.0	0.0
HB0838 Allow supreme court justices to use partisan affiliation	-	0.0	0.0
HB0863 Generally revise state finance laws	-	5.5	5.5
HB0869 Provide for the sudden cardiac arrest prevention in youth sports	-	0.1	0.1
HB0872 Revise licensing laws	-	0.0	-
HB0888 Revise local board of health rules for isolation and quarantine	-	0.0	0.0
HB0891 Provide subpoena powers to the office of inspector general	-	0.0	0.0
HB0898 Generally revise laws related to LLC operating agreements	-	0.0	-
HB0899 Establish Montana state shooting center task force	-	0.0	0.0
HB0917 Revise campaign finance laws	-	0.0	-
HB0923 Revise categorical exclusions from nondegradation authorization	-	0.0	0.0
HB0943 Establish the Montana rare disease advisory council	-	0.0	0.0
HB0949 Require fee schedule and report for certain commitments	-	0.0	0.0
HB0953 Revise medicaid laws related to direct primary care	-	0.0	0.0
SB0045 Create a judicial performance evaluation commission and system	-	0.5	0.5
SB0253 Revise administrative and certification processes for student scholarship organizations	-	0.2	0.2
SB0393 Provide funding for enforcement of PL 280	-	3.0	3.0
<b>Total</b>	<b>\$ 81.0</b>	<b>\$ 73.9</b>	<b>\$ 111.3</b>



## Legislative Action - Highlights

The following bills contain general fund appropriations for the 2027 biennium:

### [HB 1](#) – Feed bill

The 2025 Legislature authorized \$19.1 million general fund appropriations to fund the operations of the legislature.

### [HB 3](#) – Supplemental appropriations, \$70.8 million

The following agencies received supplemental general fund appropriations to cover shortfalls in their budgets:

- Department of Public Health and Human Services, \$27.2 million for Healthcare Facilities Division cost overruns
- Department of Justice, \$4.1 million for the Montana Highway Patrol and \$4.2 million for the Legal Services Division
- Office of State Public Defender, \$12.5 million for the Conflict Division
- Department of Corrections, \$21.8 for the Public Safety Division and \$380,000 for the Rehabilitation & Programs Division
- Office of Public Instruction, \$643,655 total for state level activities and distribution to public schools

### [HB 5](#) – Long-range building appropriations

The legislature appropriated \$22.1 million for operations and maintenance costs for newly authorized buildings and other infrastructure projects. Please see the write up in the long-range planning section of this report for more details.

### [HB 13](#) – Provide for state employee pay plan

A \$79.6 million pay plan for state employees as adopted by the legislature included authority to increase state employee base salary by 2.5% or \$1.00/hr. depending on whichever is greater on July 1, 2025, and July 1, 2026.

### [HB 85](#) – Reinstating former employer contributions for JRS, HPORS, SRS, GWPORS

The Department of Justice was appropriated \$4.7 million in FY 2026 to increase the employer contribution portion of the Montana Highway Patrol retirement plan.

### [HB 117](#) – Establish criminal justice data warehouse priorities

The Board of Crime Control within DOJ received \$1.5 million to acquire new software applications, create 2.00 new PB, and provide data sharing efficiencies.

### [HB 231](#) – Revise property tax rates for certain property

The Department of Revenue received \$4.0 million to implement a new tiered tax rate system for residential and commercial class 4 property. Anticipated expenses include 1.00 new PB for the department's call center as well as postage costs for notifying taxpayers of a tax rebate application and subsequent issuance.

### [HB 234](#) – Extend the use of funding for lead-in-schools appropriated in 2023

The legislature reappropriated \$3.5 million of unexpended authority from the 2023 session to the Department of Environmental Quality for the Lead in Schools Program.

### [HB 483](#) – Revise laws to reduce property taxes while preserving the current 95 school equalization mills

The Superintendent of Public Instruction was appropriated funds not to exceed \$36.5 million and \$25.6 million for Transportation Aid and K-12 BASE Aid, respectively. Department of Revenue estimated a total 2027 biennium cost of \$31.2 million.



[HB 833](#) – Provide funding to increase correctional capacity

The Department of Corrections (DOC) received \$4.0 million in authority to assess the current prison system and enhance current operations. An additional \$3.5 million was appropriated to DOC for program expansion or operations and maintenance for a new prison setting.

[HB 863](#) – Generally revise state finance laws

The Governor's Office of Budget and Program Planning was appropriated \$10.6 million to address recruitment and retention issues within executive branch agencies, and an additional \$350,000 to conduct a study of possible government service efficiencies.

[SB 45](#) – Create a judicial performance evaluation commission and system

The Department of Justice was appropriated \$1.0 million over the 2027 biennium to create 1.00 PB for an executive director to oversee the implementation of a judicial performance evaluation system.

[SB 393](#) – Provide funding for enforcement of PL 280

The Governor's Office of Budget and Program Planning was appropriated \$6.0 million to reimburse the Flathead Indian Reservation for its incurred expenses for enforcing a felony criminal jurisdiction.

## **HB 2 POSITIONS BUDGETED (PB) CHANGES**

Positions Budgeted (PB, or formerly full time equivalents, or FTE) is used to account for full and part-time employees of state government. The legislature does not appropriate PB per se but instead uses PB and its individual attributes such as salary and benefits to build the personal services budget. The PB are also used to indicate which PB can be used to build the base budget in the next biennium.

### **Legislative Action**

Legislative action resulted in both reductions and additions of PB funding throughout state government. The primary area of reduction was vacant positions in DPHHS. Additional PB funding was provided in other areas of the budget, primarily the Department of Corrections, Office of the State Public Defender (OPD), Department of Transportation, and the Department of Fish, Wildlife, and Parks.

### **Reductions**

The legislature adopted PB reductions for DPHHS totaling a reduction of 79.30 HB 2 regular PB in both years of the biennium. This includes a reduction of 101.30 PB in various programs and the addition of 22.00 PB across the agency.

### **Additions**

The legislature adopted most of the PB increases in the following agencies:

- In FWP, 30.35 PB for game wardens, parks, education, and various other roles
- In MDT, 22.00 PB mostly related to bridge replacement, rehabilitation, preservation, and maintenance
- In OPD, 31.06 PB for attorneys, investigators, and related positions
- In Corrections, 23.00 PB for probation and parole K9 units, victim liaison personnel, teachers at the Montana Women's Prison, and various other positions throughout the agency

All Funds HB2 Only (PB)					
	Base Budget	All Adj 2026	All Adj 2027	FY 2026	FY 2027
<b>A</b>					
11040 LEGISLATIVE BRANCH	169.34	2.25	3.25	171.59	172.59
11120 CONSUMER COUNSEL	5.54	0.02	0.02	5.56	5.56
31010 GOVERNOR'S OFFICE	60.57			60.57	60.57
32020 COMMISSIONER OF POLITICAL PRACTICES	7.00			7.00	7.00
34010 STATE AUDITOR'S OFFICE	72.50			72.50	72.50
58010 DEPARTMENT OF REVENUE	668.92	1.64	2.64	670.56	671.56
61010 DEPARTMENT OF ADMINISTRATION	143.92	1.00	1.00	144.92	144.92
65010 DEPARTMENT OF COMMERCE	61.30			61.30	61.30
66020 DEPARTMENT OF LABOR AND INDUSTRY	628.48	-	-	628.48	628.48
67010 DEPARTMENT OF MILITARY AFFAIRS	234.66	18.00	18.00	252.66	252.66
<b>Section A Total</b>	<b>2052.23</b>	<b>22.91</b>	<b>24.91</b>	<b>2,075.14</b>	<b>2,077.14</b>
<b>B</b>					
69010 DEPARTMENT OF PUBLIC HEALTH & HUMAN SERVICES	2831.92	(79.30)	(79.30)	2,752.62	2,752.62
<b>Section B Total</b>	<b>2831.92</b>	<b>(79.30)</b>	<b>(79.30)</b>	<b>2,752.62</b>	<b>2,752.62</b>
<b>C</b>					
52010 DEPARTMENT OF FISH, WILDLIFE, AND PARKS	711.91	30.35	30.35	742.26	742.26
53010 DEPARTMENT OF ENVIRONMENTAL QUALITY	367.04	9.00	9.00	376.04	376.04
54010 DEPARTMENT OF TRANSPORTATION	2019.77	22.00	22.00	2,041.77	2,041.77
56030 DEPARTMENT OF LIVESTOCK	137.87	4.00	4.00	141.87	141.87
57060 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION	553.61	5.00	5.00	558.61	558.61
62010 DEPARTMENT OF AGRICULTURE	119.56			119.56	119.56
<b>Section C Total</b>	<b>3909.76</b>	<b>70.35</b>	<b>70.35</b>	<b>3,980.11</b>	<b>3,980.11</b>
<b>D</b>					
21100 JUDICIAL BRANCH	470.39	11.50	16.50	481.89	486.89
41100 DEPARTMENT OF JUSTICE	845.15	7.20	7.20	852.35	852.35
42010 PUBLIC SERVICE COMMISSION	38.00	3.50	3.50	41.50	41.50
61080 OFFICE OF STATE PUBLIC DEFENDER	310.44	27.06	31.06	337.50	341.50
64010 DEPARTMENT OF CORRECTIONS	1280.67	23.00	23.00	1,303.67	1,303.67
<b>Section D Total</b>	<b>2944.65</b>	<b>72.26</b>	<b>81.26</b>	<b>3,016.91</b>	<b>3,025.91</b>
<b>E</b>					
35010 OFFICE OF PUBLIC INSTRUCTION	153.27	7.00	7.00	160.27	160.27
51010 BOARD OF PUBLIC EDUCATION	3.00			3.00	3.00
51020 COMMISSIONER OF HIGHER EDUCATION	50.22	1.00	1.00	51.22	51.22
51130 SCHOOL FOR THE DEAF & BLIND	88.28	1.00	1.00	89.28	89.28
51140 MONTANA ARTS COUNCIL	7.00			7.00	7.00
51150 MONTANA STATE LIBRARY	30.46	-	-	30.46	30.46
51170 MONTANA HISTORICAL SOCIETY	78.84	1.00	1.00	79.84	79.84
<b>Section E Total</b>	<b>411.07</b>	<b>10.00</b>	<b>10.00</b>	<b>421.07</b>	<b>421.07</b>
<b>Grand Total</b>	<b>12149.63</b>	<b>96.22</b>	<b>107.22</b>	<b>12,245.85</b>	<b>12,256.85</b>

## ONE-TIME-ONLY HB 2 PB

The executive branch may use budgeted authority to hire temporary, or modified, PB that are not included in the base personal services funding going forward. The legislature can also clarify their intent that hires be temporary by designating PB as one-time-only (OTO). For the 2027 biennium, there is 1.00 OTO HB 2 PB in the Commissioner of Political Practices.

## CHANGES TO TRUSTS

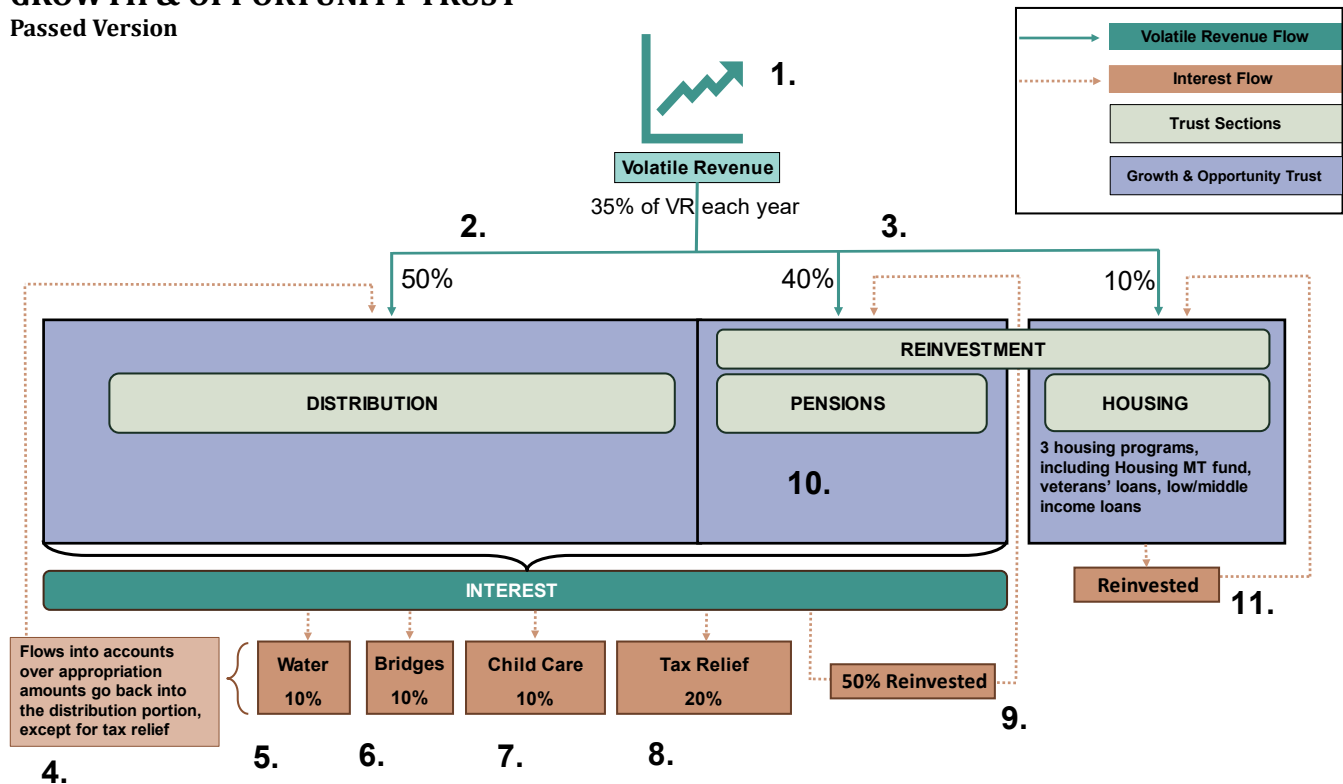
### Major Trust Fund Legislative Changes in HB 924

HB 924 was passed by the 69<sup>th</sup> Legislature during the 2025 Session. This bill creates a significant state trust, the Montana Growth and Opportunity Trust, or GO Trust, and makes several other meaningful changes to existing components of state finance.

The image below shows the general structure of the GO Trust. Each number in the image corresponds to an explanation item on the following pages.

### GROWTH & OPPORTUNITY TRUST

Passed Version



1. Flows in from volatile revenue - Montana's individual income tax is often volatile, and this volatility is driven by swings in both capital gains and partnership income. Interest earned off treasury cash (TCA Interest) is also volatile and is governed by both cash levels and interest rates. The total "volatile revenue" is the difference between the forecasted amounts for these sources in the official revenue estimate (HJ 2) and the lowest year (inflation-adjusted) in the past seven years. In HB 924, **35%** of this volatile revenue is transferred to the GO trust. The executive can reduce the size of this transfer if the projected general fund ending fund balance falls below the operating reserve. More detail on this component follows in Section 2 below.

2. 50% of volatile revenue flows to the distribution portion.

3. 50% of volatile revenue flows to the reinvestment portion (80% to pensions, 20% to housing).

4. Flows into water, bridges, and childcare accounts can't be above the appropriations for those accounts – overages flow back into the distribution portion.

- 5.** 10% of interest to water development - 90% of funding is directed to rehabilitation of dams and irrigation systems, with 10% directed towards dam inspections and pilot projects.
- 6.** 10% of interest to bridges -This provides a fund for engineering and construction of the 2,196 "off-system" bridges or local bridges which are not eligible for federal funding assistance. The local entities would provide 20% or more in local matching funds.
- 7.** 10% of interest to childcare - provides grants to childcare businesses, education, quality improvements, affordability and innovation.
- 8.** 20% of interest to property tax relief/assistance.
- 9.** 50% of interest generated to the reinvestment portion (pensions).
- 10.** Pensions portion of GO Trust is available for transfer to pension systems under certain conditions. If the PERS/TRS pension boards certify that the inception-to-date return on investments (currently 7.76%) falls below the adopted assumed rate (currently 7.30%) for two consecutive years, then a transfer is initiated from the GO pension fund. The transfer is the amount necessary to bring the inception-to-date return up to the assumed rate. The transfer cannot exceed 25% of the GO pension fund's balance and cannot exceed \$300 million over a two-year period. In addition, the bill increases employer contribution rates for PERS and TRS by 0.1% per year for 20 years starting with FY 2028. There is a total \$335 million transfer from the general fund to the GO pension fund across FY 2025-2027.
- 11.** Housing portion of GO Trust: HB 924 creates the Montana Housing Trust, which includes the housing programs currently held in the Coal Trust (veterans' and low-income loans) as well as the Housing Montana Fund.

The following table shows the transfers in HB 924. Most of the transfers are from the general fund to various components of the GO Trust. The coal trust receives \$115 million from the debt and liability free account to “purchase” the housing loan programs that move to the GO Trust.

<b>Transfers in HB 924</b>			
<b>From the General Fund</b>	<b>FY 2025</b>	<b>FY 2026</b>	<b>FY 2027</b>
Property Tax Assistance Account	\$ 20,000,000		
Water Development Account	\$ 10,000,000		
Better Local Bridges Account	\$ 10,000,000		
Early Childhood Account	\$ 10,000,000		
Pension Fund	\$ 250,000,000	\$ 48,200,000	\$ 36,800,000
Distribution Portion of GO Trust	\$ 224,000,000	\$ 60,200,000	\$ 46,000,000
Montana Housing Trust		\$ 12,000,000	\$ 9,200,000
<b>Total General Fund Transfers</b>	<b>\$ 524,000,000</b>	<b>\$ 120,400,000</b>	<b>\$ 92,000,000</b>
<b>From the Debt and Liability Free Account</b>			
Montana Housing Trust	\$ 26,000,000		
Coal Trust	\$ 89,000,000		
<b>Total Debt and Liability Free Transfers</b>	<b>\$ 115,000,000</b>		
<b>From the Capital Development Fund</b>			
Montana Housing Trust		\$ 10,000,000	
<b>Grand Total Transfers (\$861.4 Million)</b>	<b>\$ 639,000,000</b>	<b>\$ 130,400,000</b>	<b>\$ 92,000,000</b>

Under certain conditions, the governor can reduce or eliminate, for a biennium, flows of volatile revenue into the GO Trust. The governor may reduce transfers of volatile revenue to the GO Trust by up to 50% if the budget director estimates a projected general fund ending fund balance that is less than the operating reserve (8.3% of 2<sup>nd</sup> year general revenue appropriations) at the end of the biennium. There is a specific sequence of notifications to the Legislative Finance Committee (LFC) and Legislative Fiscal Analyst if this event occurs. Additionally, the governor may cancel transfers to the GO Trust for the biennium in the event of a certified projected general fund budget deficit (under 17-7-140, MCA).

The table below shows the appropriations in HB 924 for FY 2026 and 2027. The 2027 appropriations are considered part of the budgetary base entering the 2029 biennium.

<b>Appropriations in HB 924</b>		
	<b>FY 2026</b>	<b>FY 2027</b>
Water Development Account	\$ 7,500,000	\$ 10,000,000
Better Local Bridges Account	\$ 7,500,000	\$ 10,000,000
Early Childhood Account	\$ 7,500,000	\$ 10,000,000

HB 924 impacts areas of Montana statute beyond the creation of the GO Trust. These impacts include:

In Section 23, additional purposes are added for the debt and liability free account, including the replacement of rescinded federal funds and to mitigate the need for general fund supplemental appropriations. Also added is a provision that up to \$12.5 million per year of volatile revenue is transferred into the debt and liability free account up to an account cap of \$12.5 million.

In Section 27, flows of excess revenue after the budget stabilization reserve fund and capital development fund are at their cap are directed 75% to the GO Trust and 25% remain in the general fund. Existing statute directs such flows 75% to the pension fund created in the 2023 Session.

In Sections 29 and 30, employer pension contribution rates are adjusted upward by 0.1% per fiscal year for fiscal years 2028-2047.

In Section 40, the pension fund created during the 2023 Session is repealed.

#### Further Trust Changes

In addition to the creation of the GO Trust during the 2025 session, the school facility portion of the coal trust and the housing fund were each increased by \$50 million in the 2025 session.

# STATE PENSION SYSTEMS

## Update on Valuations

Upon completion of the FY 2024 actuarial valuations, the unfunded liability across Montana's nine retirement systems was approximately \$4.6 billion and all systems were scheduled to amortize in under 30 years as shown below. The two largest systems, the Public Employees' Retirement System (PERS) and Teachers' Retirement System (TRS) had actuarially calculated unfunded liabilities of \$2.4 billion and \$1.8 billion respectively.

Overall, compared to the FY 2023 actuary valuations, all systems' funded ratios improved. Notably, the Highway patrol officers', Sheriffs', and Game Wardens' systems improved significantly, a result of [HB 569](#) from the 2023 Legislative Session.

Montana Pension Systems Actuarial Valuations				
	Funded Ratio 2023	Funded Ratio 2024	Amortization Period 2023	Amortization Period 2024
Teachers' Retirement System (TRS)	72%	74%	24	21
Public Employees' Retirement System (PERS)	75%	76%	28	27
Judges' Retirement System	181%	184%	0	0
Highway Patrol Officers' Retirement System	67%	78%	25	24
Sheriffs' Retirement	78%	83%	25	24
Game Wardens' Retirement System	82%	94%	25	24
Municipal Police Officers	73%	75%	21	18
Firefighters' Unified Retirement System	82%	85%	10	8
Volunteer Firefighters	98%	107%	1	0

## HB 924 (Growth & Opportunity Trust) Impacts to Pension Systems

The pension portion of the GO Trust is available for transfer to pension systems under certain conditions. If the PERS/TRS pension boards certify that the inception-to-date return on investments (currently 7.76%) falls below the adopted assumed rate (currently 7.30%) for two consecutive years, then a transfer is initiated from the GO pension fund. The transfer is the amount necessary to bring the inception-to-date return up to the assumed rate. The transfer cannot exceed 25% of the GO pension fund's balance and cannot exceed \$300 million over a two-year period.

In addition, this legislation increases employer contribution rates for PERS and TRS by 0.1% per year for 20 years starting with FY 2028. There is a total \$335 million transfer from the general fund to the GO pension fund across FY 2025-2027.

Further information on other aspects of HB 924 can be found on page 58 of this report.

## LEGISLATIVE FINANCE COMMITTEE (LFC) RELATED INTERIM STUDIES

The Legislative Finance Committee members are included in the following interim work:

[HJ 40](#) – Interim study on transferring fiscal note production from executive branch to legislative branch  
Interim study on transferring fiscal note production from executive branch to legislative branch

The study of fiscal notes in HJ 40 passed the legislature. While the Legislative Council has not assigned the study of fiscal notes to the LFC at this time, it has been recommended by the Research staff to be assigned to the LFC. The LFC anticipates the following work to be completed to complete this study.

- Review the report on all 50 states fiscal note processes that is due to be published later in 2025.
- Interview members of the legislature to determine the concerns of legislators regarding fiscal note process. Interview legislative branch staff to determine their concerns with the fiscal note process.
- Invite the Office of Budget and Program Planning to offer their insights and respond to legislative concerns.
- Develop a report of findings and report to the LFC and the Legislative Council on the findings.

[HB 834](#) – Create a government data and impact commission

HB 834 is organized and administered from the executive branch. Certain members of the LFC are included in the membership, but there is no direct connection to the LFC.

The purpose and duties of the commission are as follows:

- The commission is charged with developing and recommending a system for the collection and integration of targeted data for use by the legislature and the executive branch in analyzing outcomes of the agency programs, effective use of state resources, and efficient administration of state government.
- The system developed must allow policymakers to identify inefficient, redundant, and antiquated programs in state government.
- Data prioritized use of data that is efficient and effective for decision making
- Review of laws governing the administration of state government and of how to make the operation of state government efficient and transparent
- the structure of executive and legislative oversight to facilitate efficient access to data

[HB 863](#) Section 5 - Cost of Living Adjustments – LFC or MARA

During the interim following the 69th legislative session, the legislative finance committee may assign to the modernization and risk analysis committee the following study or perform a study themselves. What cost-of living adjustments may be appropriate based on a state employee's work location, wages, housing costs in the area, and related geographic expenses.