

Long-Range Planning Presentation – Senate Finance Committee

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HB 6 – Renewable Resource Grants

Program Staff:

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Program Description: The Renewable Resource Grants and Loan (RRGL) program was created by the 1993 Legislature. The grant portion of the program is appropriated under HB 6, and the loan portion is appropriated under HB 8. The purpose of the program is to fund projects that “enhance Montana’s renewable resources through projects that measurably conserve, develop, manage, or preserve resources.”

Funding: The natural resource projects state special revenue fund 02577 funds the appropriations for the RRGL grants, as well as HB 7 (RDGP grants). Revenues are anticipated to be \$11.5 million over the 2027 biennium. Funding sources include:

- Interest income of the resource indemnity trust (RIT) fund, as provided in and subject to the conditions of 15-38-202, MCA
- Resource indemnity and ground water assessment tax (RIGWA)
- Oil and gas production tax, as provided in 15-36-331, MCA

Note that the executive proposal if adopted as introduced would result in a negative fund balance of -\$14.7 million by the end of the 2027 biennium. Corrections were made to the revenue projections and DNRC worked with the House to update project requests in the amendments for HB 6 (HB0006.002.003) and HB 7 (HB0007.001.006) to revise ending fund balance to -\$98,400, but the fund will not actually go negative since expenses cannot exceed cash available.

General Notes:

- The RRGL grant program received 70 applications (42 water/wastewater/stormwater/planning projects & 28 irrigation district projects) for grant funding totaling \$8.8 million in the executive proposal.
- The House made the following recommendations to change the executive proposal for HB 6 Water & Wastewater Project Grants:
 - Remove funding for the Missoula Public Library Living Roof Stormwater Control Project
 - Move Granite County Flint Creek Dam Improvements to position 42 in priority
 - Cut off funding after \$2,500,000 which will fund 20 of the 41 projects recommended in the executive budget.

- The subcommittee made the following recommendations to change the executive proposal for HB 6 Irrigation Project Grants:
 - Remove funding for the Granite Conservation District Allendale Ditch Rehabilitation
 - Add funding for Sunset Irrigation District for Headgate Repair -- \$20,000
 - Cut off funding after \$5,020,000 which will fund 21 of the 28 projects recommended in executive budget.
- HB 6 includes appropriations for the following other grant types, totaling \$4.2 million in the executive proposal, to be awarded by the department over the biennium.
Recommendations from the subcommittee include the following changes to the executive proposal:
 - \$500,000 for emergency projects
 - Reduce planning grants from \$2.5 million to \$1 million
 - Reduce irrigation development grants from \$3 million to \$500,000
 - Reduce private grants from \$3.2 million to \$150,000
 - Reduce nonpoint source pollution reduction grants from \$4.2 million to \$500,000
 - Eliminate \$4.2 million in watershed management grants
- Language was adopted by the House to encourage a local government to provide matching moneys for the RRGL grant funding, directing DNRC to prioritize projects with a local match.

Natural Resource Project Account Fund Balance Analysis - 2027 Biennium Fund 02577					
	FY 2024 Actuals	FY 2025 Projected	FY 2026 Projected	FY 2027 Projected	2027 Biennium Projected
Available Balance	\$18,956,192	\$48,157,549	\$600,756	(\$94,468)	\$600,756
Revenue Projections¹					
RIT Interest Earnings	\$ -	\$ -	\$ -	\$ -	\$ -
Resource Indemnity & Groundwater	2,529,536	3,048,922	\$ 2,410,292	3,200,000	5,610,292
Oil and Gas Tax	\$ 2,268,369	\$ 1,894,738	\$ 1,388,128	\$ 1,248,114	\$ 2,636,242
Other Revenues	\$ 1,541,945	\$ 1,514,112	\$ 1,603,460	\$ 1,645,057	\$ 3,248,517
HB 6 General Fund Transfer	\$ 22,250	\$ 1,000	\$ -	\$ -	\$ -
HB 6 General Fund Transfer	\$ 26,000,000	\$ -	\$ -	\$ -	\$ -
Total Revenues	\$ 32,362,100	\$ 6,458,772	\$ 5,401,880	\$ 6,093,171	\$ 11,495,051
RRGL Appropriations - HB 6					
Emergency Grants	\$ 108,725	\$ 191,275	\$ 250,000	250,000	\$ 500,000
Project Planning Grants	\$ 247,843	3,252,158	\$ 500,000	500,000	\$ 1,000,000
Irrigation Development Grants	\$ 30,000	\$ 470,000	\$ 250,000	250,000	\$ 500,000
Watershed Grants	\$ -	\$ 500,000	\$ -	\$ -	\$ -
Private Grants	\$ 37,952	\$ 62,048	\$ 75,000	\$ 75,000	\$ 150,000
Nonpoint source pollution reduction grants	\$ -	2,500,000	\$ 250,000	250,000	\$ 500,000
Project Grants Infrastructure	\$ 572,065	5,777,935	\$ 1,250,000	1,250,000	2,500,000
Project Grants Irrigation	\$ 21,070	2,538,930	\$ 1,260,000	1,260,000	2,520,000
Other Grants	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Biennia	\$ 996,936	6,036,803	\$ -	\$ -	\$ -
Total RRGL Expenditures/Appropriations	\$ 2,014,591	\$ 21,329,149	\$ 3,835,000	\$ 3,835,000	\$ 7,670,000
RRGL Appropriations - HB 6					
Milk River Project Loan Funding	\$ -	\$ 26,000,000	\$ -	\$ -	\$ -
Total Milk River Project Loan Funding	\$ -	\$ 26,000,000	\$ -	\$ -	\$ -
RDGP Appropriations - HB 7					
Planning Grants	\$ 41,834	1,958,166	\$ 375,000	375,000	\$ 750,000
Water Storage Pilot Project Planning	\$ -	\$ -	\$ -	\$ -	\$ -
Prior Biennia	1,131,339	1,088,437			\$ -
Current Biennium Grants	\$ 347,790	3,639,812	\$ 1,887,104	1,887,104	3,774,208
Total RDGP Expenditures/Appropriations	\$ 1,520,963	\$ 6,686,415	\$ 2,262,104	\$ 2,262,104	\$ 4,524,208
Total Expenditures/Appropriations	\$ 3,535,554	\$ 54,015,564	\$ 6,097,104	\$ 6,097,104	\$ 12,194,208
Estimated Ending Fund Balance	\$48,157,549	\$ 600,756	\$ (94,468)	\$ (98,401)	\$ (98,401)

¹HJ 2 projections

Numbers in red represent DNRC revised requests in amended HB 6 and HB 7