



CAPITAL DEVELOPMENT FUND

What is the Capital Development Fund?

The Capital Development (CD) Fund 5031 was established in HB 553 in the 2019 Session along with the Major Repairs Fund 5007 to replace a single Long-Range Capital Project Fund. Primary statutory authority is in Title 17, Chapter 7, Part 2 of MCA.

Priorities of Use for the CD Funds:

- May be used to pay down existing GF GO debt previously issued by the state
- Must, if the unobligated balance of the account exceeds \$100 million, be used to forego or reduce an issuance of GF GO bonds
- Available to the Legislature as a working rainy-day fund
- Available to the Legislature to appropriate for capital development projects fitting the following characteristics
 - o Renovation, construction, alteration, site, or utility project with a total cost of \$2.5 million or more; Major Repairs fund is used for projects of this nature with a total cost below \$2.5 million
 - o New facility with a construction cost of \$250,000 or more; or
 - o Purchase of real property for which an appropriation is required to fund the purchase

CAPITAL DEVELOPMENT FUND

source 1

General Fund

- Present Law transfer of 1% of General Fund revenues annually (\$33.25M in FY 2026, \$33.25M in FY 2027)
- Minus the amount of General Fund GO debt service for each year (\$0/year)
- The Executive may propose to reduce or increase the amount of the annual transfers, but that reduction must be included in the executive budget request as a new proposal (NA)

source 2

Interest Earnings

- The Capital Development Fund retains Interest Earnings on its fund balance (depends on balance, \$22.5M in FY 2026, \$13.5M in FY 2027)

source 3

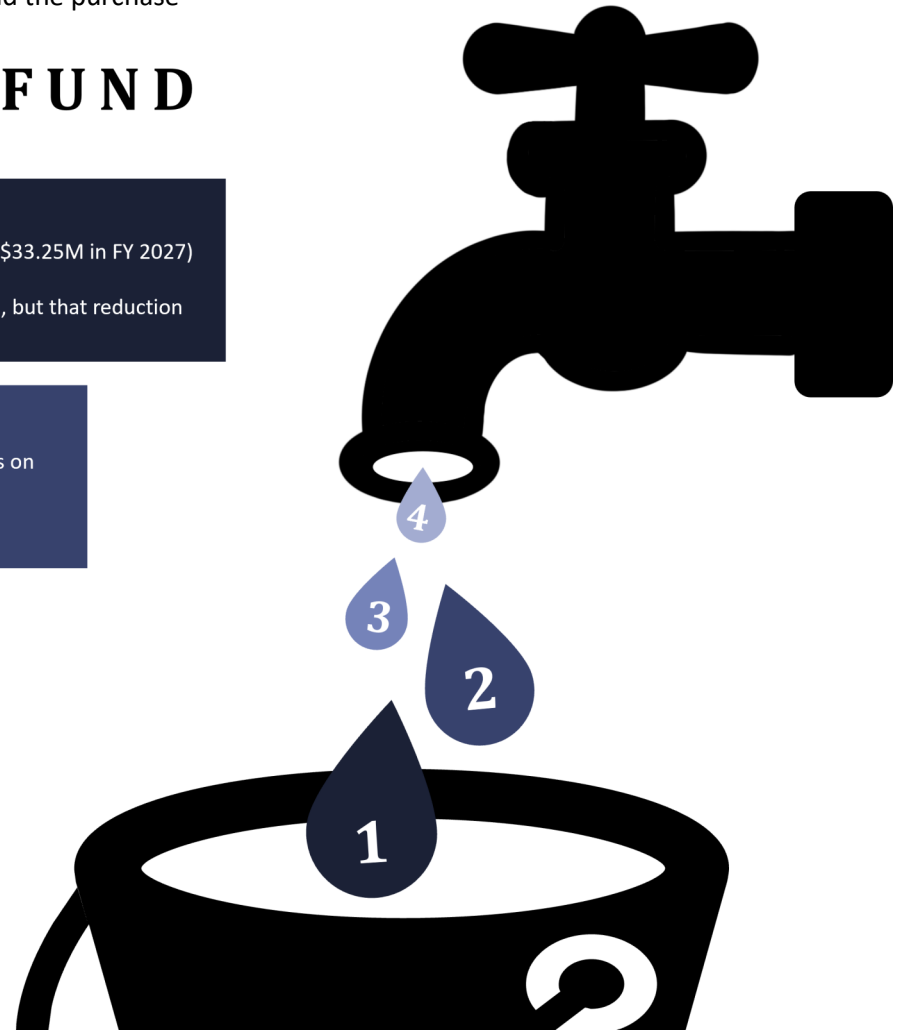
Lodging Sales Tax

- 7% of the (4%) Lodging Sales Tax collections (\$4.55M in FY 2026, \$4.81M in FY 2027)

source 4

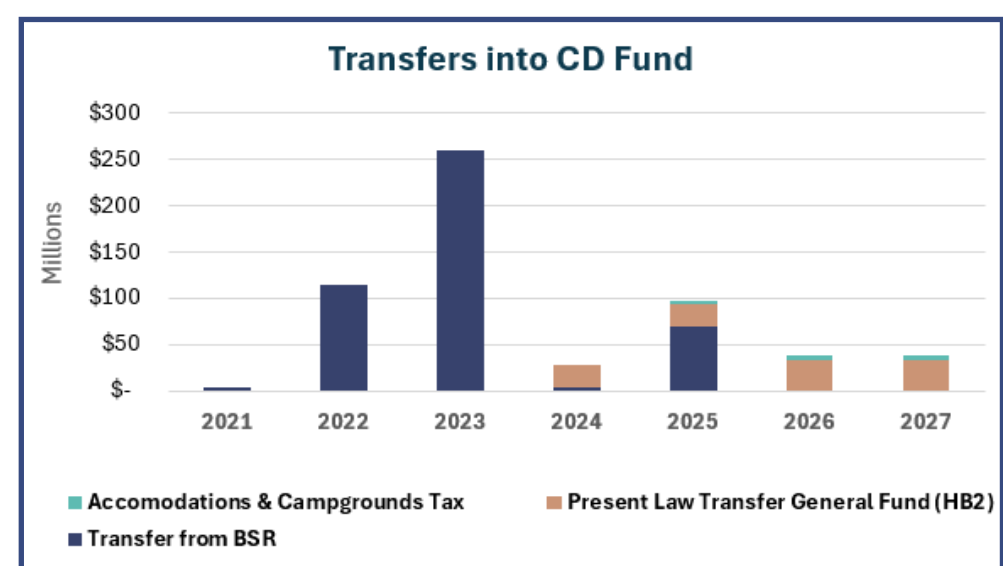
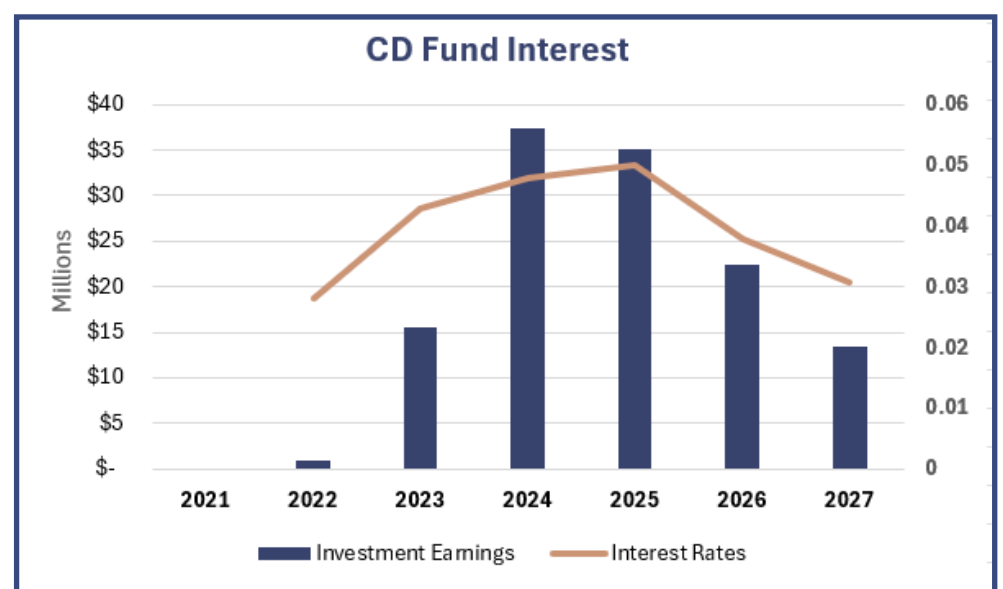
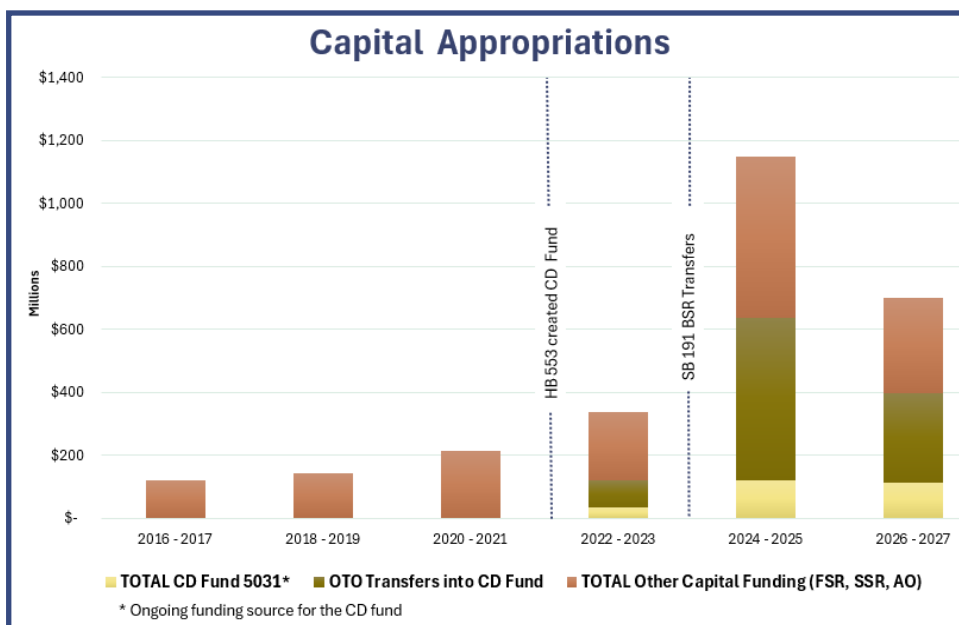
Budget Stabilization Reserve Fund

- Overflow from excess revenues when Budget Stabilization Reserve Fund is full (\$0 both years of the upcoming biennium)
- Overflow stops when the unobligated balance of the Capital Development Fund reaches its statutory cap (NA)



Protection from Executive Access:

- The Executive must include in the executive budget proposal annual transfers from the GF into the CD fund in accordance with the statutorily required 1%
- These funds become part of the base funding for major renovations and capital developments
- Increases or decreases in the transfer amounts must be presented in the Executive budget as “new proposals”
- Funds from the account may not be spent unless appropriated by the Legislature



Continuing Appropriation:

Unlike HB 2 Appropriations, the appropriations for Capital Development are “continuing” and unspent funds do not revert at the end of the biennium as provided in 17-7-212 MCA. This is because capital projects can potentially span many years through the various phases of planning, design and construction. It can be misleading to look only at cash in the capital development fund because of pending obligations against the funds from prior session appropriation.