



LONG RANGE BUILDING PROGRAM FUNDING OVERVIEW

Introduction to LRBP Program

The Long-Range Building Program (LRBP) was initiated in 1963 to provide funding for construction and major maintenance of state buildings. The LRBP was developed in order to present a single, comprehensive and prioritized plan for allocating state resources for capital construction maintenance of state-owned facilities. Primary statutory authority is in Title 17, Chapter 7, Part 2 of MCA.

There are 2 categories of LRBP programs, **Major Repairs** and **Capital Development**.

Major Repairs

Established in HB 553 in 2019 Session to replace a single LRBP Capital Project Fund. 17-7-221 MCA

Eligible Projects:

- Renovation, alteration, replacement or repair projects with a total cost of less than \$2.5 million
- A new facility with a total construction cost that is less than \$250,000

Sources of Funding:

- Cigarette Tax (16-11-119 MCA)
- Coal Severance Tax (15-35-108 MCA)
- Interest Earnings (17-7-221 MCA)
- Present Law transfer (Minimum Level of funding must be fully appropriated before Capital Development projects can be considered) (17-7-222 MCA)

Capital Development

Established in HB 553 in 2019 Session to replace a single LRBP Capital Project Fund. 17-7-209 MCA

Eligible Projects:

- Renovation, construction, alteration, site, or utility project with a total cost of \$2.5 million or more
- A new facility with a construction cost of \$250,000 or more

Sources of Funding:

- Accommodations & Campground Tax (15-68-820 MCA)
- Investment Earnings (17-7-209)
- Present Law General Fund transfer (17-7-208 MCA)
- BSRF transfers (17-7-130 MCA)

Facility Inventory and Facility Condition Assessment Report

Established under SB 43 in the 2017 Session, the Department of Administration's Architecture and Engineering Division must compile and maintain a statewide facility inventory and condition assessment for all state-owned buildings. According to 17-7-202 MCA, these assessments apply to any state agency owned building that is funded with state general fund money, or university buildings funded with unrestricted university funds.

Under 17-7-222 MCA, the minimum level of funding for Major Repairs is 0.6% of the Current Replacement Value (CRV) of all LRBP-eligible buildings each fiscal year.

$$\text{CRV} \times 0.6\% = \text{Minimum funding level for Major Repairs each year}$$

Deferred Maintenance

Amount needed but not yet expended for repairs, restoration, or rehabilitation.

In 2027 biennium:

- 562 LRBP-eligible buildings
- 11.7 million square feet
- Replacement Value \$3.5 billion
- Maintenance backlog of \$1.6 billion
- Minimum MR Funding: \$42.3 million (2.7% of backlog)
 $3,500,000,000 \times .006 \times 2 = \42.3 million

Operations & Maintenance

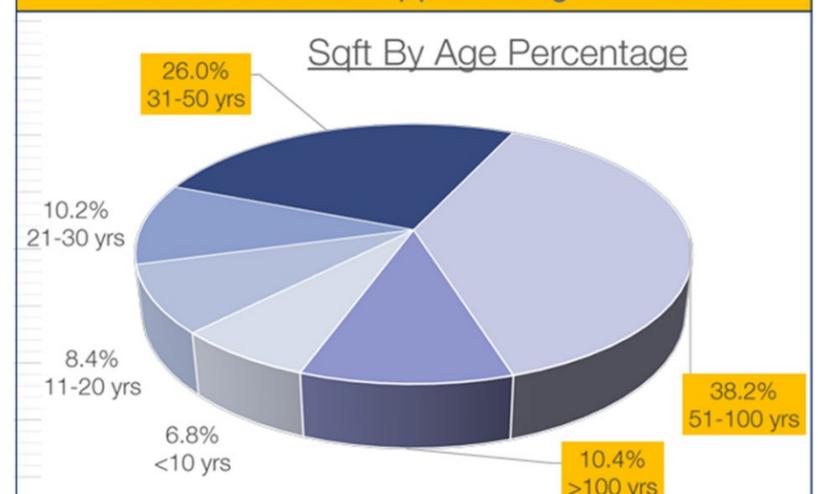
17-7-210(1), MCA, requires an increase in funding for program expansion or operations and maintenance funding to be included for any new/expanded facility that results in new staffing or program costs.

Funds are appropriated in HB 5, then in future biennia will become part of the agency's base budget and appropriated in HB 2.

Buildings are designed for 30-50 year life span.

1/2 the square footage has exceeded its life.

Another 1/4 is fast approaching this limit.



Provided by Architecture & Engineering Division

Eligible Uses of the Capital Development Fund:

1. **Pay Down Debt**
 - Pay off existing General Fund General Obligation (GF GO) debt
2. **Forego or Reduce Issuance of GF GO Bonds**
 - If the CD fund balance is > \$100 million
3. Available to the Legislature as a **Working Rainy-Day Fund**
 - Funds in the CD fund can be appropriated by the Legislature to cushion revenue shortfalls or other fiscal shocks
 - Legislature can reduce general fund transfers into the CD fund when the general fund is tight
4. **Fund Capital Projects with Cash**

Executive Interactions with the CD Fund

- Funds may only be appropriated from the CD fund by the Legislature
- Funds become part of the base for major renovations and capital developments
- Executive must include in budget proposals the annual transfer from the general fund into the CD fund (1% of general fund revenues). Legislature can choose to reduce or forego this transfer at its discretion
- Changes to transfers into/from the CD fund must be presented in the executive budget as “new proposals”

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

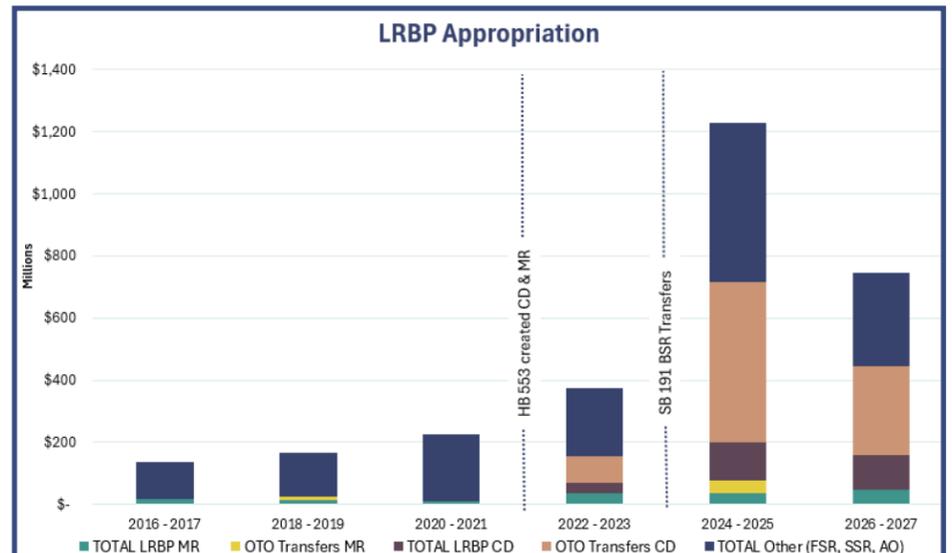
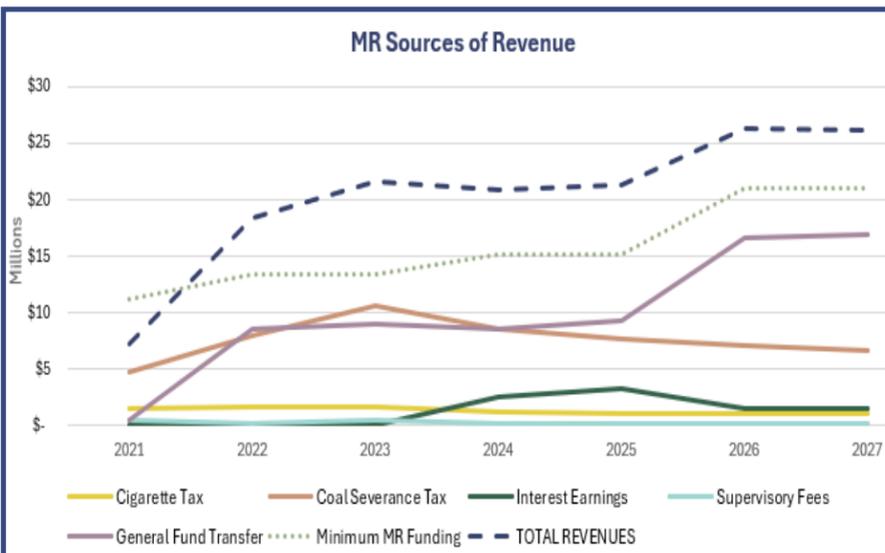
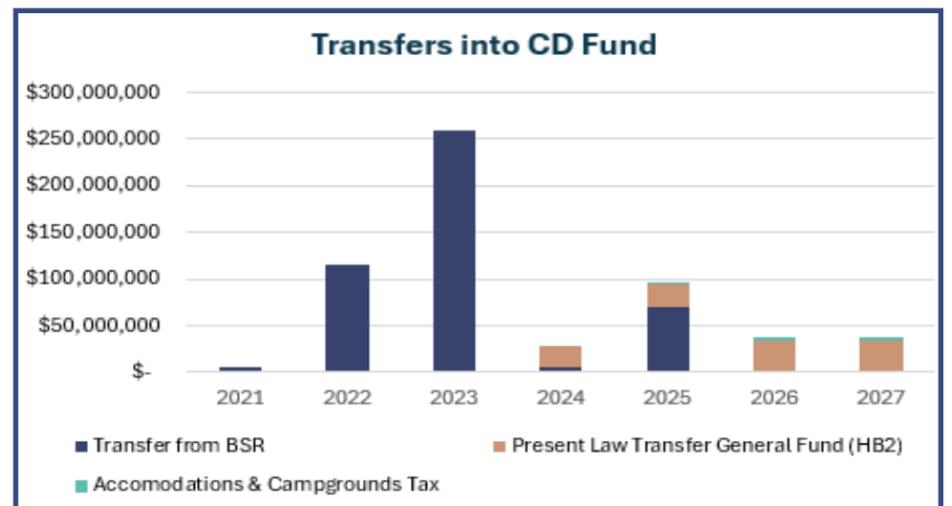
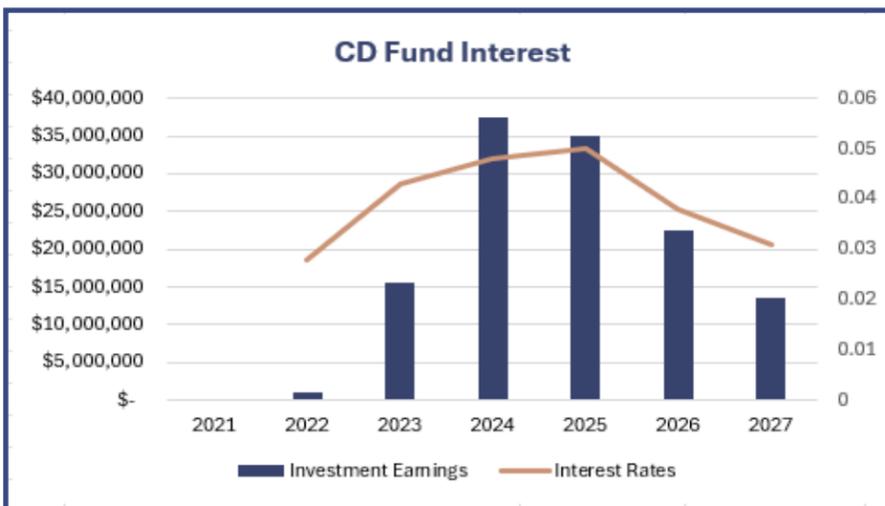
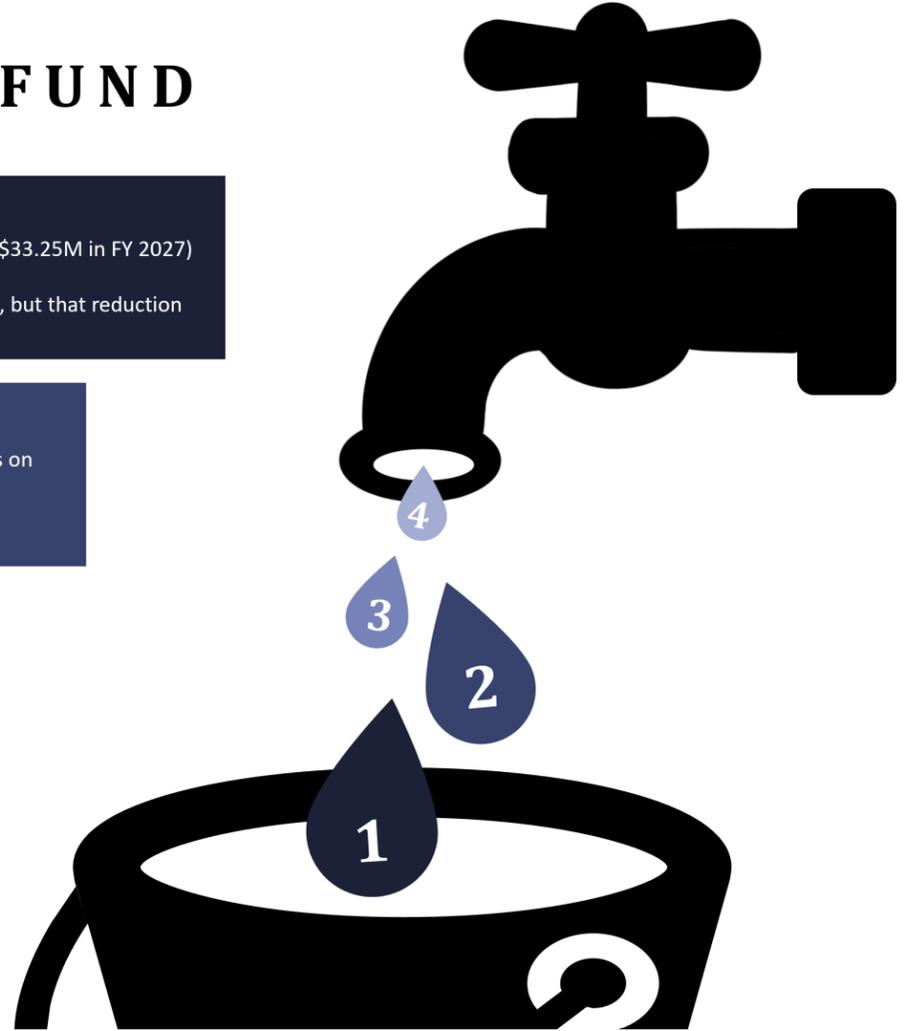
Lodging Sales Tax

- 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)



Appropriated Funds

The LRBP appropriations are “continuing”, and unspent funds do not revert at the end of the biennium as provided in 17-7-212, MCA: “Funds that are appropriated for specific projects will remain in the capital development or major repairs funds until the project is completed, allowing the funds to earn interest. If a project is cancelled or all funds are not spent, the Department of Administration can request to have the funds reverted.”



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