

Legislative Fiscal Division

Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Low

Committee: EQC

Agency Name: Department Of Environmental Quality

Status : On-Going

FTE Impact : N

Program Name:

Mode : Research

MCA : 90-4-616

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$3,724,800	(\$3,724,800)	\$0

Description of Option: Redirect Energy Savings of the State Building Energy Conservation Program

Criteria Name: Other

Summary of Issue

In the 2009 Legislative Session, the legislature redesigned the Department of Environmental Quality State Building Energy Conservation Program (SBECP) to be funded similar to a revolving loan program. The funds used as start-up for the program were primarily federal grants obtained through the ARRA legislation for the purpose of making energy improvements to state buildings. Instead of directly funding the energy improvements, the program was redeveloped so estimated energy savings would be transferred to the program to provide a future funding source for the program.

Legislative options might include: 1) sweeping the funds into the general fund instead of to the program; or 2) allowing the agencies to realize the cost savings of the energy upgrades to reduce future space costs.

How the Fund Balance Would be Impacted

Either option mentioned above would provide a positive impact to the general fund, with an accompanying negative impact to the program state special fund. The impact of the options would provide either transfers from the agency to the general fund or savings to the general fund. The impact of the \$23 million of energy upgrades provided by the upgrade appropriated in the 2009 Legislative Session were estimated to last approximately 12.5 years.

Further Work Required

Further analysis would be required to determine the exact amount and schedule of the energy cost savings. Savings would begin to be realized as projects are completed. Under the rules of the ARRA funding, projects needed to be started within a specific period of time, however analysis would provide information on exactly when projects are expected to be complete.

Legislation Required

Statutes in Title 90, Chapter 4 would need to be amended.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Medium

Committee: EQC

Agency Name: Department Of Environmental Quality

Status : On-Going

FTE Impact : Y

Program Name: Permitting & Compliance Div.

Mode : Research

MCA : various

Option	General Fund	State Special	Federal Special
Program Eliminations/Modifications	\$2,000,000	(\$15,000,000)	\$0

Description of Option: Return Primacy to the US EPA

Criteria Name: Service recipients have other options to get the service or one similar

Summary of Issue

The state has received primacy for environmental programs to operate on behalf of the federal EPA. This includes air quality, water quality, water protection, hazardous waste, and asbestos programs. Returning primacy would require the EPA to take back the lead on these activities.

How the Fund Balance Would be Impacted

General fund appropriated to subsidize these activities would no longer be needed. In addition, the state would no longer collect application fees, annual permit fees, and the like.

Further Work Required

As federal funds have declined, some of these programs have received general fund appropriations to support the activity. The return of primacy would result in general fund savings for these activities and for overhead charged within the department. Staff would need to examine the expenditures related to the operation of these activities, determine what it would take to return primacy and examine the potential change for any consequences to regulated industries.

Other Factors

If primacy was returned, guidance regarding these permit programs may need to be removed from statute.

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Section Name: Natural Resources & Transportation

Time : Low

Committee: EQC

Agency Name: Department Of Environmental Quality

Status : On-Going

FTE Impact : N

Program Name: Permitting & Compliance Div.

Mode : Research

MCA : 75-6-108

Option	General Fund	State Special	Federal Special
Support by Service Recipients/Eliminate GF Subsidy	\$1,200,000	(\$1,200,000)	

Description of Option: Increase Public Water Supply Connection Fees to Cover Oversight Costs

Criteria Name: Funding change over time to GF from other source

Summary of Issue

The public water supply connection fee has been \$2.00 for each service connection to a public water supply, with a a minmum charge of \$100 or \$50 for a transient non community water system. These rates have not been ajdusted since 1993. This connection fee is to implement the public drinking water supply program. Over time, the program has accessed other state special revenue sources to cover the costs to oversee the drinking water program. During the 2009 legislature \$1.2 million of general fund was approved to fund this program at a level acceptable to the US EPA.

How the Fund Balance Would be Impacted

If the public water supply connection fee was raised, general fund expenditures could be displaced. For every \$1.00 the fee is raised, \$220,000 is collected. If minimums were also adjusted an additional \$76,000 per year could be raised.

Further Work Required

Minimal. Some work with DEQ would be necessary to calculate the appropriate increase in the fees.

Other Factors

This fee is set in statute, 75-6-108, MCA would need to be changed.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Medium

Committee: EQC

Agency Name: Dept Of Natural Resources & Conservation

Status : On-Going

FTE Impact : N

Program Name: Forestry/trust Lands

Mode : Research

MCA : 76-13-213

Option	General Fund	State Special	Federal Special
Support by Service Recipients/Eliminate GF Subsidy	\$2,000,000	(\$2,000,000)	\$0

Description of Option: Increase Fire Protection Fees Through Formula Adjustment

Criteria Name: Funding change over time to GF from other source

Summary of Issue

Owners of forested land within a DNRC direct protection zone currently pay 1/3rd of the fire protection program through a land parcel assesment, and general fund pays the other 2/3rd. A funding shift to 1/2 and 1/2 would shift \$2.0 million to the landowners, while a total funding shift would transfer \$7.0 million to landowners. This funding pays for the availability of trained, equipped personnel and resources. It does not pay for the actual cost to fight the fire.

How the Fund Balance Would be Impacted

If the landowner portion was increased, the need for general fund would decrease by the same amount.

Further Work Required

A determination in the per parcel fees to establish a different level of cost share would need to occur. DNRC does have a data base for this program.

Other Factors

The split between general fund and fees is clearly delineated in statute. This would need to be changed. In addition, this would be delayed income as these fees are attached to property taxes.

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Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Low

Committee: EQC

Agency Name: Dept Of Natural Resources & Conservation

Status : On-Going

FTE Impact : N

Program Name: Forestry/trust Lands

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Support by Service Recipients/Eliminate GF Subsidy	\$0	\$0	\$0

Description of Option: Require Landowners in DNRC Direct Protection to Fund Fire Suppression Cost

Criteria Name: High cost of provision (with or without comparison to other programs)

Summary of Issue

Fire suppression costs are paid from a state special revenue fund that currently has a balance of \$26.4 million. This fund will either cover the costs of the FY2011 fire season, or some could be available for transfer to the general fund.

To reduce dependency on the general fund to cover wildland fire costs, property owners in DNRC direct protection could pay an annual fee to provide revenue to the fire suppression fund. An annual fee of \$100 per owner would generate \$5.8 million or per parcel would generate \$9.9 million.

Further Work Required

Statute would need to be developed to outline how the fee is imposed, collected, and held.

Other Factors

This funding would only be available with a statutory change and not received until FY 2012.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Global Issue

Time : High

Committee: EQC

Agency Name: Statewide Issue

Status : On-Going

FTE Impact : N

Program Name:

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Other	\$0	\$0	\$0

Description of Option: Evaluate Non-Trust Land Holdings for Divestiture

Criteria Name: Not subject to regular review

Summary of Issue

The state is one of the largest landowners in Montana. State land is divided between trust parcels that are held for beneficiaries and land that is held by other agencies for a specific or non-specific use. Initial review of these lands indicates the state hold lands for potential expansions for the university system, land for water projects, and lands that have been donated to a specific agency. All non-trust lands would be examined to determine if holding the land is the best possible option for the state or if it can be sold or reverted to the grantor.

How the Fund Balance Would be Impacted

The fund balance would be enhanced through the sale of land or by eliminating the need for land management. The funds generated from the sale could temporarily offset general fund currently funding some activities.

Further Work Required

DNRC holds the land inventory for all state agencies, except the Department of Transportation. An analysis of the lands held, the purpose for which they are held, and the ability to divest the property would have to occur.

Other Factors

Statutory changes regarding divestiture of state assets may be needed.