



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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WILDFIRE SUPPRESSION IN THE 2019 BIENNIUM

The wildfire suppression fund began FY 2018 with a fund balance of \$62.3 million. Since FY 2017 revenues came in under the trigger amounts established in SB 261, \$30.0 million was transferred out of the fund and into the general fund with the intention of increasing the general fund ending balance. This left the fire suppression fund with \$32.3 million.

The FY 2018 fire season has proven to be significantly more costly than average. Estimated obligations in early September exceeded the balance of the fire fund and the Governor's statutory emergency fund appropriation of \$16.0 million for the biennium. The following analysis illustrates the financial situation. The Legislative Fiscal Division (LFD) has assumed a range of additional DNRC fire expenditures of \$13.6 to \$33.6 million. As of September 8th, the DNRC estimated additional costs for the current fire season was an additional \$800,000 per day for September, or the low end of the LFD example below.

Estimated Fire Suppression Costs and Appropriations 2019 Biennium (in millions)			
Expenditures	FY 2018	FY 2019	Biennium
Fire Cost (9/13/17) with updated FEMA	\$56.7	-	\$56.7
Additional Estimated Fire Cost ¹	13.6 to 33.6	22.5	13.6 to 33.6
Total Expenditures	\$70.3 - \$90.3	\$22.5	\$92.8 to 112.8
Appropriations			
Fire Fund Statutory Appropriation (02847)	\$32.3	-	\$32.3
Governor's Emergency Fund ² For DNRC Fires	13.0	-	13.0
Total Funding	\$45.3	-	\$45.3
Appropriation Shortfall	(\$25.0) to (\$45.0)	(\$22.5)	(\$47.5) to (\$67.5)

¹ FY 2019 estimate is based on an historical average, FY 2018 low is \$800,000 per day for days remaining in September minimum. High adds \$20 million.

² Emergency appropriation is \$16.0 million. It is assumed \$13.0 million will be allocated to DNRC for fires in FY 2018

Assuming an average fire year in FY 2019 and \$13.0 million of the emergency appropriation is allocated to DNRC fire expense in FY 2018, reserving \$3.0 million of emergency authority for Military Affairs fire costs or other emergencies in the biennium, Montana could be facing a shortage of \$47.5 to \$67.5 million in appropriation authority to pay for fire suppression efforts. The DNRC has the ability to transfer a portion of its HB 2 FY 2019 appropriation of \$27.2 million to FY 2018, which would create an implied supplemental in the next legislative session. However, it is not expected that this \$27.2 million HB 2 FY 2019 general fund appropriation for the operation of DNRC would be enough to cover the obligations for fire and DNRC's other operations until the next legislative session. The timing of payments for invoices owed may improve the ability to cover these expenditures in the short term.

While the total state fire cost is estimated at \$56.7 million as of September 13, 2017, the DNRC has recorded approximately \$9.8 million in expenditures in that same time period. The delay between firefighting activities and actual payments gives DNRC the ability cash flow high cost fire years during the fiscal year. At fiscal year end the full cost of the fire season needs to be accrued and is anticipated to cause an appropriation shortfall. Given the size of the difference between appropriation (\$45.3 million) and anticipated expense (\$92.8 to 112.8 million) in this case, it is possible that DNRC will be lacking in appropriation authority as early as December or as late as the end of FY 2018. It is unlikely DNRC will have sufficient appropriation authority to pay fire suppression bills through all of FY 2018 and FY 2019 prior to the legislative session scheduled in January of 2019.