



6. The rule-making process will take approximately 6 months to complete. A large volume of testimony/ comments may result in an additional 1-2 months to the process.
7. Public hearings are warranted due to the interest in forested trust land management. Approximately 4 - 5 hearings would be held (Kalispell, Missoula, Helena, Lewistown, Bozeman).
8. Rule making will require nearly full-time participation from 6-9 DNRC personnel for 6 months. This work would be done in lieu of preparing timber sales, resulting in no additional personnel costs. In addition, the effort would likely costs about \$2,500 in travel and meeting room rent, and \$5,000 in printing and distribution costs.
9. The MEPA process will take approximately 18 months to complete and require a total of approximately 15.00 FTE and \$500,000 in personal service costs plus approximately \$20,000 in operating expenses to cover printing and distribution of draft and final EIS and related documents, travel, meeting room rent etc. This work will be in lieu of preparing timber sales and the only anticipated expenses attributable to the effort are the \$20,000 in operating costs.
10. The total process will take approximately 24 months, during which no sales will be approved or sold. This will result in a decrease in revenue of \$21,000,000 ((42 mmbf X 2) X \$250/mbf). Most of this decrease in revenue would be realized in FY 2004 and beyond due to the fact that timber sale revenue is realized when harvest occurs. The term of most timber sale contracts is 3 years or more. Therefore, it is estimated that no decrease in revenue would occur in FY 2002. In FY 2003 the decrease in revenue was calculated based on one-third of the FY 2002 timber volume harvested in FY 2003 (14 mmbf X \$250/mbf = \$3,500,000). The balance of the decreased revenue would be felt in FY 2004 to FY 2007.
11. Stands that have been harvested and meet the requirements of this bill will be scheduled for planting at the earliest date possible. Approximately 1,075 acres will meet the requirements for planting in the Spring of FY 2003.
12. The required level of planting cannot be accomplished with the current staffing levels. DNRC estimates that an additional 2.00 FTE will be needed for this effort. The additional costs are \$75,000 each year for salary and benefits for the 2.00 FTE, plus \$15,750 for MEPA analysis costs, computer equipment, communications, etc., and \$25,000 for a vehicle each year of the biennium. For FY 2003, there also is \$290,250 estimated for planting costs based on 1,075 acres at \$270/acre.
13. In each subsequent year approximately 2,150 additional acres will require planting.
14. In approximately 10 years the tree planting required under this bill will result in approximately 2,150 acres of additional thinning each year because natural regeneration will result in increased stand density. These long-term additional costs would be approximately \$795,500 annually (2,150 acres at \$270/acre for planting costs and thinning costs of 2,150 acres at \$100/acre).

FISCAL IMPACT:

	<u>FY2002</u>	<u>FY2003</u>
	<u>Difference</u>	<u>Difference</u>
FTE	2.00	2.00
 <u>Expenditures:</u>		
Personal Services	75,000	75,000
Operating Expenses	15,750	306,000
Equipment	<u>25,000</u>	<u>25,000</u>
TOTAL	\$115,750	\$406,000

(continued)

Funding:

State Special Revenue (02)	\$115,750	\$406,000
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Revenues:

General Fund (01)	\$0	(\$3,500,000)
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Net Impact to Fund Balance (Revenue minus Expenditure):

General Fund (01)	\$0	(\$3,500,000)
State Special Revenue (02)	(\$115,750)	(\$406,000)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

During the 2 years of rule making and MEPA analysis, new timber sales would not be brought before the Land Board or sold. This would result in approximately \$21,000,000 in lost revenue. Much of this would have contributed toward the funding of public schools and other public institutions. These revenues would have to be replaced with other tax revenue or services decreased.

LONG-RANGE IMPACTS:

Long-range impacts are expected to occur regarding the increased levels of planting and thinning required in this bill. DNRC estimates that an added 2,150 acres per year would be planted to comply with the law. These acres currently regenerate sufficiently through natural seedfall, in a timely manner. DNRC anticipates that these acres would need thinning because the planting required in HB 568 would result in increased stand densities. The combined cost of added planting and thinning is approximately \$795,500 per year. This level of planting and thinning cannot be accomplished with current staffing levels. It is expected an additional 2.00 FTE would be needed to conduct this work. With the additional FTE and expenses DNRC estimates the long-term cost consequence of the bill to be approximately \$870,500 annually.

TECHNICAL NOTES:

1. The timelines of this bill for replanting requirements do not allow sufficient opportunity for natural regeneration. Planting of areas that have or will soon have appropriate numbers of new trees growing on the site from natural regeneration represents an additional expense with short and long-term ramifications. This will result in increased cost and reduced efficiency.
2. SFLMP Silvicultural Standards ensure long-term productivity by specifying harvest type, regeneration needs (reforestation plan), and follow-up surveys.
3. Planting regardless of need also has negative impacts on the ability to meet SFLMP goals for restoration harvests in dry sites where low densities are desired. The bill would require planting in direct contradiction to SFLMP goals regarding healthy forests and appropriate forest conditions.