



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium 2007 September Special Session

Bill #	HB0003	Title:	Establish fund for fire suppression costs
Primary Sponsor:	Ripley, R	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

	<u>FY 2008</u> <u>Difference</u>	<u>FY 2009</u> <u>Difference</u>	<u>FY 2010</u> <u>Difference</u>	<u>FY 2011</u> <u>Difference</u>
Expenditures:				
General Fund	\$25,000,000	\$25,000,000	\$13,344,945	\$13,678,569
Federal Special Revenue	\$87,211,977	\$29,180,010	\$29,909,510	\$30,657,248
Revenue:				
General Fund	\$0	\$0	\$0	\$0
Federal Special Revenue	\$73,217,809	\$40,835,065	\$29,575,886	\$30,315,283
Net Impact-General Fund Balance	<u>(\$25,000,000)</u>	<u>(\$25,000,000)</u>	<u>(\$13,344,945)</u>	<u>(\$13,678,569)</u>

*This fiscal note shows the change in appropriation levels. This bill does not increase the state's obligation to pay for wildland fires.

Description of fiscal impact:

Upon passage and approval, \$25 million will be transferred from the general fund to the federal special revenue fund fire suppression account. At the beginning of each fiscal year when the fund balance in the fire suppression fund is less than \$25 million, an amount necessary to achieve a \$25 million fund balance will be transferred from the general fund to the fire suppression fund.

FISCAL ANALYSIS

Assumptions:

1. The technical accounting flaws in this bill are substantial. Implementation of this bill would be problematic. Please see technical note.
2. This fiscal note assumes no other legislation for fire suppression is passed and approved. If HB 1 or HB 2 are passed and approved it is anticipated that the \$25 million transfer in fiscal year 2009 will not be needed.

3. A \$25 million transfer from the general fund to the fire suppression fund will be made upon passage and approval of the bill.
4. At the beginning of each fiscal year when the fund balance in the fire suppression fund is less than \$25 million, an amount necessary to achieve a \$25 million fund balance will be transferred from the general fund to the fire suppression fund.
5. Funds are statutorily appropriated for fire suppression costs only.
6. Fiscal year 2008 costs are derived from the Department of Natural Resources and Conservation (DNRC) and the Department of Military Affairs (DMA) fire suppression cost estimates through August 26, 2007. Total fire costs are currently estimated to be \$87,211,977. Of this amount, \$38,994,219 is anticipated to be state responsibility and \$48,217,809 is anticipated to be paid by federal reimbursements.
7. For the purposes of this fiscal note, a seven year average for fire suppression costs and federal reimbursements (adjusted by throwing out the high and the low years) has been used for fiscal year 2009. The average fire suppression cost equals \$29,180,010. Annual state responsibility is estimated to be \$13,344,945 and costs reimbursed by the federal government equal \$15,835,065.
8. A 2.5% inflation factor has been used for fiscal year 2010 and 2011. The fiscal year 2010 estimated fire suppression cost equals \$29,909,510. State responsibility is estimated to be \$13,678,569 and costs reimbursed by the federal government equal \$16,230,941. The fiscal year 2011 estimated fire suppression cost equals \$30,657,248. State responsibility is estimated to be \$14,020,534 and costs reimbursed by the federal government equal \$16,636,714.
9. In fiscal year 2008, state fire costs are estimated to be \$38,994,168 and the general fund contribution to the fire suppression fund is \$25 million. For the purposes of this fiscal note, it is assumed that the remaining \$13,994,168 in actual fire costs will be funded by the Governor’s Emergency Fund, internal DNRC funds (borrowing from fiscal year 2009), or a combination there of.

	<u>Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
<u>Expenditures:</u>				
Operating Expenses	\$87,211,977	\$29,180,010	\$29,909,510	\$30,657,248
Transfers	\$25,000,000	\$25,000,000	\$13,344,945	\$13,678,569
TOTAL Expenditures	<u>\$112,211,977</u>	<u>\$54,180,010</u>	<u>\$43,254,455</u>	<u>\$44,335,817</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$25,000,000	\$25,000,000	\$13,344,945	\$13,678,569
Federal Special Revenue (03)	\$87,211,977	\$29,180,010	\$29,909,510	\$30,657,248
TOTAL Funding of Exp.	<u>\$112,211,977</u>	<u>\$54,180,010</u>	<u>\$43,254,455</u>	<u>\$44,335,817</u>
<u>Revenues:</u>				
Transfer in from General Fund (01)	\$25,000,000	\$25,000,000	\$13,344,945	\$13,678,569
Federal reimbursements (03)	\$48,217,809	\$15,835,065	\$16,230,941	\$16,636,714
TOTAL Revenues	<u>\$73,217,809</u>	<u>\$40,835,065</u>	<u>\$29,575,886</u>	<u>\$30,315,283</u>

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	(\$25,000,000)	(\$25,000,000)	(\$13,344,945)	(\$13,678,569)
Federal Special Revenue (03)	(\$13,994,168)	\$11,655,055	(\$333,624)	(\$341,965)

Long-Range Impacts:

1. This bill requires a general fund transfer of up to \$25 million at the beginning of each fiscal year.

Technical Notes:

1. The definition of the federal special revenue fund in 17-2-102, MCA does not allow general fund transfers. In 17-2-102 the federal special revenue fund "consists of money deposited in the treasury from federal sources, including trust income, that is used for the operation of state government." General fund transfers should more appropriately be made to a state special revenue fund.

Sponsor's Initials

Date

Budget Director's Initials

Date