

### Agency Budget Comparison

The following table compares 2014 actuals expenditures without one-time appropriations plus 2015 estimated appropriations including one-time appropriations, but excluding certain base appropriations to the 2017 biennial total legislative budget. The comparison is listed by year, type of expenditure, and source of funding. The biennial percent change column has been eliminated to allow for the transition to a comparison of biennial appropriations consistent with SB 140 in the future. The biennial appropriation growth/decline is listed in the agency highlight tables and the expenditure section of Volume 1 of this Fiscal Report.

| Agency Budget Comparison       |                     |                        |                            |                            |                          |                          |                     |
|--------------------------------|---------------------|------------------------|----------------------------|----------------------------|--------------------------|--------------------------|---------------------|
| Budget Item                    | Base<br>Fiscal 2014 | Approp.<br>Fiscal 2015 | Legislative<br>Budget 2016 | Legislative<br>Budget 2017 | Biennium<br>Fiscal 14-15 | Biennium<br>Fiscal 16-17 | Biennium<br>Change  |
| FTE                            | 701.28              | 701.28                 | 686.62                     | 686.58                     | 701.28                   | 686.58                   | (14.70)             |
| Personal Services              | 42,585,794          | 46,814,483             | 47,871,477                 | 47,879,160                 | 89,400,277               | 95,750,637               | 6,350,360           |
| Operating Expenses             | 28,466,697          | 29,726,375             | 31,879,948                 | 31,864,150                 | 58,193,072               | 63,744,098               | 5,551,026           |
| Equipment & Intangible Assets  | 920,550             | 946,038                | 790,831                    | 791,031                    | 1,866,588                | 1,581,862                | (284,726)           |
| Capital Outlay                 | 0                   | 0                      | 0                          | 0                          | 0                        | 0                        | 0                   |
| Grants                         | 546,310             | 952,466                | 593,910                    | 593,910                    | 1,498,776                | 1,187,820                | (310,956)           |
| Benefits & Claims              | 800                 | 6,225                  | 800                        | 800                        | 7,025                    | 1,600                    | (5,425)             |
| Transfers                      | 263,797             | 338,408                | 336,721                    | 336,721                    | 602,205                  | 673,442                  | 71,237              |
| Debt Service                   | 21,615              | 21,427                 | 16,088                     | 12,427                     | 43,042                   | 28,515                   | (14,527)            |
| <b>Total Costs</b>             | <b>\$72,805,563</b> | <b>\$78,805,422</b>    | <b>\$81,489,775</b>        | <b>\$81,478,199</b>        | <b>\$151,610,985</b>     | <b>\$162,967,974</b>     | <b>\$11,356,989</b> |
| General Fund                   | 0                   | 309,125                | 974,000                    | 974,000                    | 309,125                  | 1,948,000                | 1,638,875           |
| State/Other Special Rev. Funds | 54,376,925          | 58,434,134             | 60,562,622                 | 60,598,121                 | 112,811,059              | 121,160,743              | 8,349,684           |
| Federal Spec. Rev. Funds       | 18,428,638          | 20,062,163             | 19,953,153                 | 19,906,078                 | 38,490,801               | 39,859,231               | 1,368,430           |
| <b>Total Funds</b>             | <b>\$72,805,563</b> | <b>\$78,805,422</b>    | <b>\$81,489,775</b>        | <b>\$81,478,199</b>        | <b>\$151,610,985</b>     | <b>\$162,967,974</b>     | <b>\$11,356,989</b> |

### Agency Description

Fish, Wildlife, and Parks is responsible for the management of Montana's fish, wildlife and recreational resources, development of recreational opportunities, and operation of the state park system. A five-member, Governor-appointed Fish and Wildlife Commission provides direction on specific issues regarding land usage, preservation and management of wildlife, establishment of license and permit fees, and the creation of hunting and fishing seasons. Similarly, the five-member, Governor-appointed State Parks and Recreation Board provides direction on issues related to state parks including the protection and preservation of state parks, promotion of outdoor activities, and establishing administrative rules for use of state park properties.

The department is composed of seven divisions: fisheries, enforcement, wildlife, parks, communication & education, administration, and department management. During the 2013 biennium, the department reorganized eliminating a division and transferring its functions to administration.

**Agency Highlights**

| <b>Department of Fish, Wildlife &amp; Parks<br/>Major Budget Highlights</b>   |
|---|
| <ul style="list-style-type: none"> <li>• The biennial appropriations increased by 4.1% or approximately \$6.3 million when compared to the 2015 biennium. <ul style="list-style-type: none"> <li>◦ The majority of this increase was related to operating adjustments (\$5.6 million) and personal services adjustments (\$6.3 million)</li> </ul> </li> <li>• The legislature provided \$1.9 million general fund to continue the Aquatic Invasive Species program</li> <li>• The legislature restricted both the hunter access program administration and one forest management FTE in order for further review to take place during the interim</li> </ul> |

**Summary of Legislative Action**

The legislature approved a biennial budget of \$163.0 million, including \$1.9 million in general fund and \$87.0 in general license funds. The budget includes \$14.5 in present law adjustments and \$679,014 in new proposals. The general license fund supplies 53.4% of the department's funding, and federal fish and wildlife funding provides 19% of the total funding. Major additions to the biennial budget include \$1.9 million for aquatic invasive species, \$561,380 in technology upgrades, and \$420,000 for snowmobile equipment. Reductions include \$2.8 million in general license funds and \$1.4 million in personal services and operating adjustments. The legislature chose to appropriate a number of items on a one-time-only basis to facilitate further study during the interim and the next legislative session. These items include:

- Aquatic invasive species
- Forest management
- Hunting access program administration

Both hunting access administration and forest management require reports to the environmental quality council during the interim (NOTE: House Bill 2 language regarding the the forest management reporting was inadvertently dropped from the final version of the bill. It was the intent of the legislature that the department report on the performance of the forest management).

**Agency Discussion***License Fee Revisions*

During the 2013 interim, the Environmental Quality Council and License and Funding Citizen Advisory Committee studied ways to structure the general license fee in such a way as to generate increased revenue for the department while simplifying the structure. The general license account (GLA) is the major funding source for the department and is the depository for hunting, fishing, and conservation fees charged to residents and nonresidents. This fund accounts for 53% of the departmental budget. Traditionally, FWP has sought a fee increase when the projected fund balance approaches \$6.0 million, the minimal amount needed to buffer cash flow. The increases have been approved by the legislature about once every ten years. In early years, revenues will exceed expenditures while in the later years the reverse is true, leading to a critical balance point.

The resulting bill, HB 140, passed the legislature and was approved by the governor during the 2015 session. The legislation consists of a major revision to the entire fee structure. Among the major changes, the legislation:

- Required the department to review fees on a 4-year cycle rather than the historic, 10-year cycle

- Established a new base hunting license as a prerequisite to individual tags and stamps (Net \$8 increase for residents)
- Increased the costs of fishing licenses (Net \$3 increase for residents)
- Increased the hunting access distribution to 28.5% from 25%
- Changed discounted licenses to a standard cost of ½ the full price license. Military service-based licenses remain intact
- Increased non-resident moose, goat, sheep, and bison nonresident licenses from \$750 to \$1250
- Created a Hunter Apprentice program with ability to use hunting licenses for a limited duration

**Funding**

The following table shows agency funding by source of authority. Funding for each program is discussed in detail in the individual program narratives that follow.

| Funds                              | HB2                  | Non-Budgeted Proprietary | Statutory Appropriation | Total All Sources    | % Total All Funds |
|------------------------------------|----------------------|--------------------------|-------------------------|----------------------|-------------------|
| General Fund                       | 1,948,000            | 0                        | 0                       | 1,948,000            | 1.11 %            |
| State Special Total                | 121,160,743          | 0                        | 3,900,281               | 125,061,024          | 71.56 %           |
| Federal Special Total              | 39,859,231           | 0                        | 250,000                 | 40,109,231           | 22.95 %           |
| Proprietary Total                  | 0                    | 7,640,984                | 0                       | 7,640,984            | 4.37 %            |
| Other Total                        | 0                    | 0                        | 0                       | 0                    | 0.00 %            |
| <b>Total All Funds</b>             | <b>\$162,967,974</b> | <b>\$7,640,984</b>       | <b>\$4,150,281</b>      | <b>\$174,759,239</b> |                   |
| <b>Percent - Total All Sources</b> | <b>93.25 %</b>       | <b>4.37 %</b>            | <b>2.37 %</b>           |                      |                   |

FWP is predominately funded by state special revenue sources derived from fees for hunting, fishing, and other recreational activities. The largest of these funds is the general license account. Federal sources are predominately derived from federal excise taxes on hunting and fishing equipment, grants for endangered species and state wildlife grants.

*General License Funds*

During the 2015 session, the legislature approved HB 140 (See Agency Discussion Section) which changed fees and the structure of the fund. Without taking into account impacts resulting from the fee increases, the following table sets forth the legislatively-approved usage of the general license fund.

|                                    | Actual FY 2011 | Actual FY 2012 | Actual FY 2013 | Actual FY 2014 | Estimated FY 2015 | Approved FY 2016 | Approved FY 2017 |
|------------------------------------|----------------|----------------|----------------|----------------|-------------------|------------------|------------------|
| General License Acct               |                |                |                |                |                   |                  |                  |
| Beginning Fund Balances:           | \$34.90        | \$33.20        | \$29.50        | \$30.40        | \$27.40           | \$20.80          | \$16.30          |
| Revenue                            | 38.5           | 39.6           | 40.7           | 39.0           | 39.6              | 40.8             | 41.1             |
| Expenditures:                      |                |                |                |                |                   |                  |                  |
| HB2 Operations                     | (36.9)         | (40.4)         | (37.6)         | (40.7)         | (43.3)            | (37.8)           | (37.8)           |
| HB5 Capital                        | (1.9)          | (2.0)          | (1.2)          | (1.1)          | (4.5)             | (0.8)            | (0.8)            |
| Misc Items*                        | (1.3)          | (1.0)          | (0.9)          | (0.1)          | 1.6               | 1.6              | 1.6              |
| Total Expenditures                 | (40.2)         | (43.4)         | (39.8)         | (41.9)         | (46.2)            | (45.3)           | (46.2)           |
| Ending Fund Balances               | \$33.20        | \$29.50        | \$30.40        | \$27.40        | \$20.80           | \$16.30          | \$11.20          |
| *includes reversions, carryforward |                |                |                |                |                   |                  |                  |

**Budget Summary by Category**

The following summarizes the total budget utilizing the FY 2015 legislative base, present law adjustments, and new proposals.

| Budget Item         | -----General Fund-----  |                         |                            |                   | -----Total Funds-----   |                         |                            |                   |
|---------------------|-------------------------|-------------------------|----------------------------|-------------------|-------------------------|-------------------------|----------------------------|-------------------|
|                     | Leg. Budget Fiscal 2016 | Leg. Budget Fiscal 2017 | Leg. Biennium Fiscal 16-17 | Percent of Budget | Leg. Budget Fiscal 2016 | Leg. Budget Fiscal 2017 | Leg. Biennium Fiscal 16-17 | Percent of Budget |
| 2015 Budget         | 0                       | 0                       | 0                          | 0.00 %            | 73,876,464              | 73,876,464              | 147,752,928                | 90.66 %           |
| PL Adjustments      | 974,000                 | 974,000                 | 1,948,000                  | 100.00 %          | 7,278,702               | 7,257,330               | 14,536,032                 | 8.92 %            |
| New Proposals       | 0                       | 0                       | 0                          | 0.00 %            | 334,609                 | 344,405                 | 679,014                    | 0.42 %            |
| <b>Total Budget</b> | <b>\$974,000</b>        | <b>\$974,000</b>        | <b>\$1,948,000</b>         |                   | <b>\$81,489,775</b>     | <b>\$81,478,199</b>     | <b>\$162,967,974</b>       |                   |

**Other Legislation**

HB 140 – Revised fees for hunting and fishing licenses, eliminated some free licenses, and created an apprentice hunting certificate

HB 167 – Increased fees for non-resident off-highway vehicles that can be used by the department

HB 212 – Clarified that trapping is a form of hunting as defined under the Montana constitution

HB 221 - Extended a fishing license to critically injured first responders as a part of rehabilitation activities

HB 279 - Revised the laws related to tagging of game animals and associated penalties

HB 300 – Created a snowmobile trail pass that must be purchased when FWP maintained or funded trails are used

HB 525 – Created a aquatic invasive species trust and grant program

HB 553 – Gave peace officers enforcement powers over aquatic invasive species infestations

HJ 13 – Requested an interim study looking at the intersection of road closures on federal lands and diminished hunting opportunities

SB 21 – Created penalties for misuse of replacement fish and game licenses

SB 46 – Allowed for electronic signatures to be used for hunting and fishing licenses

SB 230 – Required a public scoping for land acquisitions by the department over 640 acres

SB 261 – Created a Sage Grouse Oversight team that involves fish, wildlife, and parks departmental participation

SB 333 – Changed the state policy toward non-resident hunters

**Executive Budget Comparison**

The following table compares the legislative budget for the 2017 biennium to the budget requested by the Governor, by type of expenditure and source of funding.

| Executive Budget Comparison       |                            |                                 |                                   |  |                                 |                                   |  |  |
|-----------------------------------|----------------------------|---------------------------------|-----------------------------------|--|---------------------------------|-----------------------------------|--|--|
| Budget Item                       | Base Budget<br>Fiscal 2014 | Executive Budget<br>Fiscal 2016 | Legislative Budget<br>Fiscal 2016 | Leg — Exec.<br>Difference<br>Fiscal 2016 | Executive Budget<br>Fiscal 2017 | Legislative Budget<br>Fiscal 2017 | Leg — Exec.<br>Difference<br>Fiscal 2017 | Biennium<br>Difference<br>Fiscal 16-17 |
| FTE                               | 701.28                     | 694.62                          | 686.62                            | (8.00)                                   | 694.08                          | 686.58                            | (7.50)                                   | (8.00)                                 |
| Personal Services                 | 42,585,794                 | 48,906,797                      | 47,871,477                        | (1,035,320)                              | 48,878,756                      | 47,879,160                        | (999,596)                                | (2,034,916)                            |
| Operating Expenses                | 28,466,697                 | 35,071,507                      | 31,879,948                        | (3,191,559)                              | 35,055,773                      | 31,864,150                        | (3,191,623)                              | (6,383,182)                            |
| Equipment & Intangible Assets     | 920,550                    | 794,210                         | 790,831                           | (3,379)                                  | 788,710                         | 791,031                           | 2,321                                    | (1,058)                                |
| Capital Outlay                    | 0                          | 0                               | 0                                 | 0  | 0                               | 0                                 | 0  | 0                                      |
| Grants                            | 546,310                    | 593,910                         | 593,910                           | 0  | 593,910                         | 593,910                           | 0  | 0                                      |
| Benefits & Claims                 | 800                        | 800                             | 800                               | 0  | 800                             | 800                               | 0  | 0                                      |
| Transfers                         | 263,797                    | 363,464                         | 336,721                           | (26,743)                                 | 363,464                         | 336,721                           | (26,743)                                 | (53,486)                               |
| Debt Service                      | 21,615                     | 16,088                          | 16,088                            | 0  | 12,427                          | 12,427                            | 0  | 0                                      |
| <b>Total Costs</b>                | <b>\$72,805,563</b>        | <b>\$85,746,776</b>             | <b>\$81,489,775</b>               | <b>(\$4,257,001)</b>                     | <b>\$85,693,840</b>             | <b>\$81,478,199</b>               | <b>(\$4,215,641)</b>                     | <b>(\$8,472,642)</b>                   |
| General Fund                      | 0                          | 1,628,431                       | 974,000                           | (654,431)                                | 1,532,716                       | 974,000                           | (558,716)                                | (1,213,147)                            |
| State/other Special Rev.<br>Funds | 54,376,925                 | 61,089,624                      | 60,562,622                        | (527,002)                                | 61,128,258                      | 60,598,121                        | (530,137)                                | (1,057,139)                            |
| Federal Spec. Rev. Funds          | 18,428,638                 | 23,028,721                      | 19,953,153                        | (3,075,568)                              | 23,032,866                      | 19,906,078                        | (3,126,788)                              | (6,202,356)                            |
| <b>Total Funds</b>                | <b>\$72,805,563</b>        | <b>\$85,746,776</b>             | <b>\$81,489,775</b>               | <b>(\$4,257,001)</b>                     | <b>\$85,693,840</b>             | <b>\$81,478,199</b>               | <b>(\$4,215,641)</b>                     | <b>(\$8,472,642)</b>                   |

The legislature appropriated \$8.5 million less over the biennium than requested by the executive. The legislature did not approve legislative contract authority (\$6 million) and moved requested sage grouse funding (\$1.0 million) to DNRC.

#### Language and Statutory Authority

The legislature included the following language in HB 2:

Hunting Access Program Landowner Contracts may be used either for hunter access program payments to landowners or field services provided to manage hunting on block management areas. The department will report on Hunting Access Program Landowner Contracts to the environmental quality council in terms of acres, costs, and services provided to manage hunting on block management areas 90 days after big game hunting season ends.