

Legislative Fiscal Division

Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Low

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

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.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Low

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 per connection per year 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, \$400,000 is collected. The fee would need to be increased by \$3.00 to cover the general fund budgeted amount.

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 : Low

Agency Name: Department Of Livestock

Status : On-Going

FTE Impact : Y

Program Name:

Mode : Research

MCA : 2-15-3100

Option	General Fund	State Special	Federal Special
Program/Facility Efficiencies/Economy	\$1,000,000	\$0	\$0

Description of Option: Combine the Departments of Agriculture and Livestock

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

Summary of Issue

The Department of Agriculture is a constitutionally recognized agency that has the power to levy livestock commodities for disease control, predator control, etc. The Department of Livestock was created by law as part of the state reorganization of the executive department to meet the requirements of constitutional amendments adopted by Montana voters. (Chapter 272, Laws of 1971) It is the only agency operated by a board.

How Fund Balance Would be Impacted

These departments have dual structures for administration. In consolidation of the administrative functions, savings would occur. This would either be through the elimination of general fund, or the ability to leverage a variety of state special revenue funds to support the function.

Further Work Required

An analysis of actual cost savings needs to occur.

Other Factors

Legislation would be needed to remove references to DOL and transfer responsibilities to Agriculture.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Low

Agency Name: Department Of Livestock

Status : On-Going

FTE Impact : N

Program Name: Centralized Services Program

Mode : Research

MCA : Title 15, Ch 24

Option	General Fund	State Special	Federal Special
Revenue Enhancements		\$0	\$0

Description of Option: Improve Collection of Per Capita Fees

Criteria Name: Not subject to regular review

Summary of Issue

The process to ensure that all livestock owners pay per capita fees is based on self reportable data from the owners. Owners of a smaller number of livestock often are not in the system to pay fees until such time as the property is reappraised and it is noted that livestock is on the land. Collection of the per capita fee could offset the need for general fund support.

How the Fund Balance Would be Impacted

The availability of per captia fees can reduce the dependency on general fund in most programs, except livestock loss reimbursement and meat inspection services.

Further Work Required

How per capita could be collected to assure greater compliance would need to be determined.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Low

Agency Name: Department Of Livestock

Status : On-Going

FTE Impact : N

Program Name: Diagnostic Laboratory Program

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Support by Service Recipients/Eliminate GF Subsidy	\$1,000,000	\$0	\$0

Description of Option: Eliminate General Fund Subsidy in Diagnostic Laboratory

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

Summary of Issue

The diagnostic laboratory is a fee for service function. The lab began to receive general fund support in the 2005 session and has continued to increase since that time. This support was provided based upon the public health aspects of the lab. This includes testing of milk based consumer products and handling rabies testing.

How the Fund Balance Would be Impacted

General fund subsidy would be eliminated and be replaced with either per capita fees, lab fees or a combination of both. The users of the facility would be responsible for supporting the function.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Medium

Agency Name: Dept Of Natural Resources & Conservation

Status : One-Time

FTE Impact : N

Program Name:

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Other	\$40,900,000	\$0	\$0

Description of Option: Require the PPL Rent Payments on Riverbed Lands to be Deposited in General Fund

Criteria Name: Other

Summary of Issue

The Montana Supreme Court (Court) determined that title to the riverbeds of the Missouri, Clark Fork, and Madison Rivers passed to Montana when it became a state in 1889 and held that the lands are public trust lands under Article X, Section 11. The Court upheld the District Court's methodology of calculating damages, and directed PPL Montana to pay approximately \$41 million (plus interest) in damages to the state for improper use of the streambed.

The Board of Land Commissioners passed a resolution on May 17, 2010 directing that when the judgment in the litigation is paid by PPL Montana, the entire amount of the compensatory damages (\$41 million plus accrued interest) be deposited in a state special revenue fund for the purpose of the acquisition of lands to be held in the public land trust for the benefit of public schools. Initial review by the LFD and LSD indicates that the resolution misclassifies the funds as non-state funds and inappropriately avoids the need for a legislative appropriation of approximately \$41 million awarded by the Court. Legislative legal staff is reviewing the classification of these funds.

How the Fund Balance Would be Impacted

DNRC and the Montana Land Board concluded in the resolution that the public trust lands are to be managed for the benefit of education. Current statute is not clear on the use of the funds derived from public trust lands under Article X, Section 11. The legislature could appropriate the funds to the K-12 or post secondary education system in Montana, appropriate the funds for land purchases to be held in trust for the schools, or direct the funding to the general fund for other purposes determined to be appropriate for damages for the improper use of public trust lands.

Legislation Required

The legislature may wish to revisit the statutes to clarify the classification of funds derived for damages of state trust lands.

Legislative Fiscal Division

Legislative Budget Options

Section Name: Natural Resources & Transportation

Time : Medium

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 in a DNRC direct protection zone currently pay 1/3rd of the fire protection program, 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 and 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

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: Natural Resources & Transportation

Time : Low

Agency Name: Department Of Agriculture

Status : On-Going

FTE Impact : N

Program Name: Agricultural Sciences Division

Mode : Research

MCA :

Option	General Fund	State Special	Federal Special
Support by Service Recipients/Eliminate GF Subsidy	\$250,000	\$0	\$0

Description of Option: Eliminate General Fund Subsidy to the Grain Laboratory

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

Summary of Issue

The state grain lab received \$250,000 in general fund subsidy in the 2009 legislative session. The lab provides testing for producers of wheat, barley, peas, lentils and the like. Statute requires a grain lab to provide for protein testing and subsequent procedures for such testing.

The general fund reduction could be covered by increased fees or other state special sources, such as fess collected from industry. Statute (80-4-721, MCA) requires fees to reflect as nearly as possible the cost of testing.

Further Work Required

Determination of an alternative revenue source would need to be made.