



Committee says more taxes will ease costs

By ALLISON FARRELL of the Missoulian State Bureau

HELENA - A host of new taxes, as well as higher tax assessments on privately owned forestland, should be adopted so the state can meet the ever-escalating costs of fighting wildfires, a committee of the state Department of Natural Resources and Conservation recently said.

While no formal recommendations have been adopted, the department's fire funding committee is developing a tax scheme that could force forestland owners - as well as tourists, outdoor enthusiasts the insurance industry and utilities - to pay more for fire suppression.

Officials have long said Montana's fires are getting too costly for the state to continue without an annual forest fire budget. Last summer, state fire bills topped \$27 million. And the state would have been hard pressed to pay them if the federal government hadn't sent a \$50 million windfall last spring, state officials said.

"We don't budget anything to fight fires," said Rep. Christine Kaufmann, D-Helena, who serves on the fire funding committee. "And we all know there will be expenses. It's kind of odd accounting."

The state general fund pays an average \$10 million a year in fire suppression costs.

Owners of wildlands also pay an additional fire protection assessment, but the assessment raises a mere \$2 million a year. The first 20 acres of a property in a designated "DNRC fire protection district" are assessed \$30 a year, with each additional acre costing property owners 19 cents per year.

Kaufmann sponsored a bill during the 2003 Legislature that sought to raise the property taxes of people living on the fringes of wildlands to fund fire suppression. While the bill failed, the concept survived.

Many committee members conceptually agree that those living on the fringes of Montana's forests should pay more for forest fire protection than city dwellers.

"There does seem to be general agreement that people who build in those areas should carry a little more of the burden than they do," said Ellen Engstedt, executive vice president of the Montana Wood Products Association and committee member.

But exactly how to go about charging them is the tricky part, said committee member Rep. Dick Haines, R-Missoula.

"This is a work in progress and we realize it's going to be controversial," Haines said.

The Montana Wood Products Association opposes increasing taxes on industrial forestland. The Montana Forest Owners Association says the committee's basic premise is flawed since it assumes that forest owners are the only direct beneficiaries of forest fire suppression.

And most people generally oppose higher taxes and rising assessments, officials acknowledge.

Despite the stumbling blocks, the goal of the committee is to create a stable state firefighting fund. With no less than \$17 million and no more than \$50 million per year, the fund would cover the state's annual fire bills and could roll over any savings from year to year.

But filling that fund with money is another matter.

State Forester Bob Harrington said the committee is looking at three sources of money to generate \$20 million for the

proposed forest fire fund: the state general fund, property owners who directly benefit from forest fire suppression and new taxes.

The first 40 percent of state fire costs, or \$8 million, would come from the state general fund.

The second 40 percent would come from a sliding assessment imposed on Montana's property owners. While city dwellers would not face any additional tax, those living outside metropolitan areas could be taxed an additional half-mill to two mills for a total levy of \$8 million.

The remaining 20 percent, or \$4 million, would be raised through an assortment of proposed new taxes, including higher bed and conservation license taxes, an additional 1 percent tax on fire insurance premiums sold in the state and assorted higher taxes on utilities.

While committee members concede the proposal could be a tough sell in the Legislature, others say mere discussion of the concept shows the committee putting the cart before the horse.

"I think this is premature," said Thorn Liechty of Evaro, a committee member and representative of the Montana Forest Owners Association. "We're jumping right to the dollars. We should know what we're funding before we sink the dollars."

Liechty said the services the DNRC provides to fight fires should be analyzed for necessity and efficiency before the state develops new ways to fund them. Simply developing a funding formula will only serve to cement the status quo, he added.

Harrington said other agencies, such as the Legislative Audit Division, are already studying state firefighting practices.

The committee is expected to develop a final proposal by April 1 and will submit it to the governor's office for consideration by early summer.

State Budget Director Chuck Swysgood said he wasn't aware of the proposal, adding that the governor's office will respond after seeing a final draft.

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