



# MONTANA LEGISLATIVE BRANCH

## Legislative Fiscal Division

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Legislative Fiscal Analyst  
CLAYTON SCHENCK

DATE: May 24, 2006  
TO: Legislative Finance Committee  
FROM: Barbara Smith, Associate Fiscal Analyst  
RE: DNRC Appropriations Transfer

In accordance with 17-7-301, MCA, the Governor has submitted one potential transfer of appropriations (supplemental appropriations) from FY 2007 to FY 2006 to the Legislative Finance Committee (LFC) for comment and report. It is the role of the LFC to report to the Governor whether, in the committee's view, the request meets statutory criteria and to raise any necessary compliance issues. If the LFC does not provide a report, the Governor (or other approving authority) can authorize the transfer 90 days after the date the request was forwarded to the committee. The LFC does not approve or deny the request.

Statute requires two things before a request to move authority from the second year of the biennium to the first can be made:

- 1) Expenditures must be for an "unforeseen and unanticipated emergency" that cause the appropriation for the year to be insufficient for the operation and maintenance of the agency in that year; and
- 2) The requesting agency must present a plan for reducing expenditures in the second year of the biennium that "allows the agency to contain expenditures within appropriations." Several exceptions to this requirement exist, including an unforeseen and unanticipated emergency for fire suppression.

### PROPOSED TRANSFER

The proposal is to transfer \$1.0 million general fund authority within the Water Resources Division and \$0.1 million within the Central Services Division of the Department of Natural Resources and Conservation from FY 2007 to FY 2006. Subsequently this authority will be transferred to the Forestry Division through a program transfer. The program transfer would not occur until the LFC comments on the supplemental transfer. Once this occurs, the program transfer could be handled as a time sensitive transaction and reviewed by LFD staff.

This \$1.1 million is in addition to the \$4.5 million supplemental transfer that occurred in December 2005 and March 2006 for the same purpose for a total of \$5.7 million. Figure 1 provides a summary of these transactions.

This supplemental appropriation occurs because fire suppression activities are not budgeted. As demonstrated with this transaction, the department utilizes its general fund authority within the department programs to pay for suppression, then must request the authority be restored by transferring authority from the second year of the biennium. The authority in the second year of the biennium will be restored when the department receives a supplemental appropriation from the 2007 Legislature.

## **OPTIONS**

The committee may take one of three actions:

- 1) Inform the Governor that the committee does not raise any issues of statutory compliance with the proposed transfer.
- 2) Inform the Governor of statutory compliance issues with the proposed transfer.
- 3) Take no action. The Governor cannot approve or deny the transfer for 90 days if the committee does not provide a formal report.

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