



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0883 - Generally revise state finance (Jones, Llew )

**Status:** As Introduced

- Significant Local Gov Impact     
 Needs to be included in HB 2     
 Technical Concerns  
 Included in the Executive Budget     
 Significant Long-Term Impacts     
 Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$30,000,000	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$30,000,000			
<b>Net Impact-General Fund Balance</b>	<u>(\$30,000,000)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** HB 883 transfers general fund into the fire suppression account when certain triggers are met.

### FISCAL ANALYSIS

**Assumptions:**

1. As introduced, HB 883 changes several aspects of how the state's fire suppression fund, described in MCA 76-13-150, is maintained, and expended:
  - a. It adds an additional transfer-in mechanism based on biennial general fund balances related to general fund appropriations.
  - b. It changes the fund balance threshold for requiring certain non-suppression expenditures from a biennial dollar amount to a percentage of general fund appropriation.
  - c. If that proposed threshold is met, the bill shortens the allowable time for the required non-suppression expenditures, from the biennium to just the year in which the funds were made available. Non-suppression expenditures referred to above are as described in 76-13-150, MCA, section (4)(b) through (4)(g).

2. It is difficult to estimate future fire suppression fund transfers and expenses. For estimation purposes the department is using the current 10-year average for transfers and expenses.
  - a. The balance of the fire suppression fund at the end of FY 2023 is estimated to be \$35 million. The annual transfer-in of funds on August 15, 2023, as described in section (5) of the bill, is estimated to be \$30 million.
  - b. Fire suppression average expenses for FY 2024 are estimated to be \$28 million.
3. Section (9) of the bill contains a threshold for the FY End fund balance (3% of all general fund appropriation, estimated to be \$87 million), at which some level of expenditures for the non-suppression activities described in section (4)(b) through (4)(g) would be required in the year FY 2025. With the estimated fund balance of \$37 million at the end of FY 2024, the department anticipates the threshold in section (9) will not be met, therefore no funding will be available for the non-suppression activities in FY 2025. Similar scenarios are expected in future years, resulting in reduced ability to mitigate risks of wildfire and improve forest health through fuels treatments that would likely have been accomplished if funding were available for activities in section (4)(b) through (4)(g).

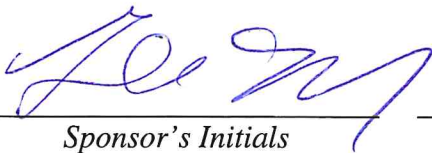
	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
Operating Expenses	\$30,000,000	\$0	\$0	\$0
Transfer	\$30,000,000	\$0	\$0	\$0
<b>TOTAL Expenditures</b>	<u>\$60,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$30,000,000	\$0	\$0	\$0
State Special Revenue (02)	\$30,000,000	\$0	\$0	\$0
<b>TOTAL Funding of Exp.</b>	<u>\$60,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$30,000,000	\$0	\$0	\$0
<b>TOTAL Revenues</b>	<u>\$30,000,000</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$ (30,000,000)	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0

**Technical Concerns:**

1. The department has several technical concerns related to implementation of the bill as written.
  - a. There appears to be a conflict between the provisions in sections (6) and (8). Section (6) identifies a potential transfer from the general fund to the fire suppression fund sufficient to bring the fire

suppression fund balance to 5% of all general fund appropriations in the second year of the biennium. Section (8) specifies a maximum balance for the fire suppression fund of 4% of all general fund appropriations in the second year of the biennium.

- b. Section (9) references a figure of 0.5% on page 2, line 19. It is unclear if this percentage is meant to be applied to all general fund appropriations, or to the fire suppression fund balance. Applying the 0.5% to the general fund appropriation yields approximately \$14.5 million, while applying 0.5% to the fire suppression fund balance (assuming fund balance between \$87 million and \$107 million) yields a figure in the range of \$435,000 to \$535,000. It is unclear which amount would be considered the required expenditure on non-suppression activities if the threshold is met.

  
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*Sponsor's Initials*

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*Date*

  
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*Budget Director's Initials*

*3-28-23*  
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*Date*