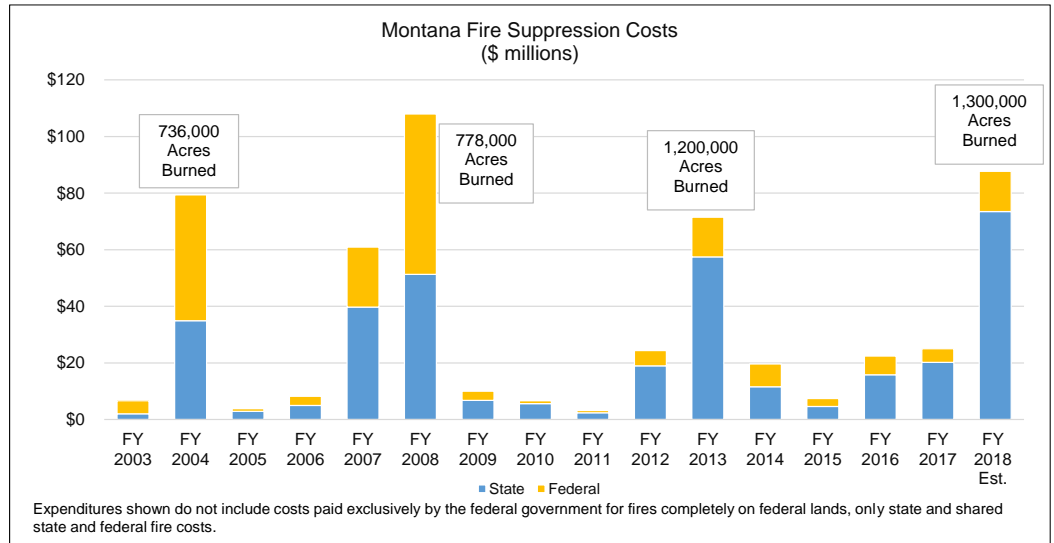


MONTANA FIRE SEASON 2017

The summer of 2017 is likely to be the most expensive state fire year in Montana's history with the estimated state liability of \$74.2 million. By the end of September, when changes in weather patterns aided in the control of most fires, total acres burned in the first few months of FY 2018 was estimated at about 1.3 million. The chart shows a history of state and federal expenditures since FY 2003.



Montana's Responsibility for Fire Suppression Costs

Estimated obligations as of October 17, 2017 exceeded the balance of the fire fund and the Governor's statutory emergency fund appropriation, resulting in a shortfall in appropriations of \$29.4 million in FY 2018. While the Department of Natural Resources and Conservation (DNRC) has the ability to manage some shortfalls internally, it is unlikely that DNRC will have sufficient appropriation authority to pay fire suppression bills due before the next legislative session. Expenses for firefighting activities cannot be paid without legislative intervention prior to the 2019 regular session. The chart below shows the anticipated costs, the appropriation authority authorized by the 2017 Legislature, and the appropriation shortfall.

Estimated Fire Suppression Costs 2019 Biennium (\$ millions)			
<u>Expenditures</u>	FY 2018	FY 2019	Biennium
Fire Cost (10/12/17) with updated FEMA	\$66.5	\$0.0	\$66.5
Estimated reimbursement to Dept. of Military Affairs	7.0	0.0	7.0
Additional Estimated Fire Cost	0.7	22.5	23.2
Total Expenditures	\$74.2	\$22.5	\$96.7
<u>Appropriations</u>			
Fire Fund Statutory Appropriation (02847)	\$32.3	\$0.0	\$32.3
Governor's Emergency Fund ¹ For Fires	12.5	0.0	12.5
Total Funding	\$44.8	\$0.0	\$44.8
Appropriation Shortfall	(\$29.4)	(\$22.5)	(\$51.9)
Biennial Appropriation Shortfall			

¹ Emergency statutory appropriation is \$16.0 million. Based on information provided by the Governor's office to the Legislative Finance Committee in October 2017, it is assumed \$12.5 million will be for fires in FY 2018. This would leave a balance of \$3.5 million for other emergencies.

Two potential legislative actions could resolve the shortfall:

1. Increase the general fund appropriation to DNRC and/or Military Affairs
2. Increase the cash balance in the fire suppression fund through transfers or new revenue sources

Both solutions require legislative action to accomplish. Although the first may increase pressure on the general fund balance, the second solution removes financial pressure on the general fund.

Funding the Wildfire Suppression Fund

A wildland fire fund reduces the financial stress on the general fund. When fire fund balance is spent, as it is today, the general fund is the only funding source available unless the legislature finds alternatives. In past years certain revenues were dedicated to the wildfire suppression fund.

HISTORICAL FIRE SUPPRESSION INFORMATION

During the 2007 Special Session, the legislature created a fire suppression fund to help address the risk associated with the variable nature of wildfires and associated costs. This fund is statutorily appropriated to the Department of Natural Resources and Conservation for fighting fires, and gives the State of Montana more flexibility in paying for them.

Since the legislature has the constitutional authority and responsibility for establishing a budget, the executive branch of government must operate within the parameters of this budget. When expenditures create a misalignment, the executive does have some options for managing the overall budget. In the case of the fire suppression fund, the executive can augment this with the \$16.0 million emergency fund appropriation, and potentially transfer other authority as well. However, the executive cannot expand the overall appropriation authority authorized by the legislature.