

Program Biennium Comparison

The following table compares the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Biennium Comparison				
Budget Item	Appropriated Budget 20-21	Requested Budget 22-23	Biennium Change	Biennium % Change
Personal Services	18,941,702	18,921,307	(20,395)	(0.11)%
Operating Expenses	18,165,227	18,395,093	229,866	1.27%
Equipment & Intangible Assets	493,480	203,480	(290,000)	(58.77)%
Transfers	47,396	27,396	(20,000)	(42.20)%
Total Expenditures	\$37,647,805	\$37,547,276	(\$100,529)	(0.27)%
General Fund	3,349,047	8,176,345	4,827,298	144.14%
State/Other Special Rev. Funds	24,927,217	19,206,305	(5,720,912)	(22.95)%
Federal Spec. Rev. Funds	9,371,541	10,164,626	793,085	8.46%
Total Funds	\$37,647,805	\$37,547,276	(\$100,529)	(0.27)%
Total Ongoing	\$37,647,805	\$37,547,276	(\$100,529)	(0.27)%
Total OTO	\$0	\$0	\$0	0.00%

Program Biennium Comparison -

The biennium comparison table shows a decrease of 0.3% or \$100,500, general fund increases by 144.1%.

Program Description

The Air, Energy and Mining Division (AEMD) permits and regulates environmentally-protective and productive operations in air, hard rock mining, opencut mining, and coal mining industries according to program statutory authority. The permitting and regulatory work includes extensive coordination with other programs to develop environmental review documents that comply with the Montana Environmental Policy Act (MEPA), including environmental assessments and environmental impact statements. AEMD includes the State Energy Office, or Energy Bureau, which promotes and improves Montanan’s access to energy efficiency and alternative energy sources while improving the state’s energy security by offering financing mechanisms, technical assistance, and education for public and private entities.

Program Highlights

Air Energy & Mining Division Major Budget Highlights
<p>Biennial appropriations decrease by 0.3% or \$100,500 when compared to the 2021 biennium. The executive proposes:</p> <ul style="list-style-type: none"> • Funding shift from state special revenue to the general fund totaling \$4.5 million • Decrease in state special revenue of \$0.3 million to align expenditures with anticipated revenue • Statewide present law adjustments which decrease by \$0.1 million

Program Actuals and Budget Comparison

The following table compares FY 2020 actual expenditures to the 2021 biennium appropriated budget and the 2023 biennium budget request by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2020	Approp. Fiscal 2020	Approp. Fiscal 2021	Request Fiscal 2022	Request Fiscal 2023
FTE	0.00	103.53	103.53	103.53	103.53
Personal Services	7,627,870	9,398,016	9,543,686	9,448,762	9,472,545
Operating Expenses	5,097,586	8,844,582	9,320,645	9,193,414	9,201,679
Equipment & Intangible Assets	305,139	391,740	101,740	101,740	101,740
Transfers	54,245	33,698	13,698	13,698	13,698
Total Expenditures	\$13,084,840	\$18,668,036	\$18,979,769	\$18,757,614	\$18,789,662
General Fund	1,613,184	1,618,157	1,730,890	4,082,471	4,093,874
State/Other Special Rev. Funds	7,839,339	12,415,486	12,511,731	9,595,068	9,611,237
Federal Spec. Rev. Funds	3,632,317	4,634,393	4,737,148	5,080,075	5,084,551
Total Funds	\$13,084,840	\$18,668,036	\$18,979,769	\$18,757,614	\$18,789,662
Total Ongoing	\$13,084,840	\$18,668,036	\$18,979,769	\$18,757,614	\$18,789,662
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Discussion -

FY 2020 Appropriations Compared to FY 2020 Actual Expenditures

The Air Energy & Mining Division expended 70.1% of its \$18.7 million HB 2 budget in FY 2020. This rate of expenditure is consistent with the average rate of expenditure over the last ten years. Unexpended appropriation totaled \$5.6 million includes \$4.6 million in state funds and \$1.0 million if federal funds. The general fund appropriation of \$1.6 million was 99.7% expended, leaving \$5,000 unexpended.

- Personal services were 81.2% expended leaving \$1.8 million unexpended while operating expenses were 57.6% expended leaving \$3.7 million unexpended
- Equipment and transfers, primarily funded with state special revenue, were 84.5% expended leaving \$66,000 unexpended

FY 2020 Appropriations Compared to FY 2021 Appropriations

The appropriation increased by 1.7% or \$312,000 in FY 2021 compared to FY 2020. The largest increase in appropriation is for general fund which increase by 7.0% or \$113,000, state special revenues increase by 0.8% or \$96,000, and federal funds increase by \$103,000. Changes in appropriation are summarized below:

- Personal services increased by \$145,600
- Operating expenditures increased by \$476,000 funded \$100,000 in general fund and the remainder from state special funds and federal sources
- Equipment purchases decreased by \$290,000. State special revenues for equipment purchase for the hard rock mining bureau were budgeted only in the first year of the biennium
- Transfers of federal funds decreased by \$20,000 in the second year of the biennium

Executive Request

The executive proposes a decrease in in total funding of 0.3%. New proposals include a switch of funding source totaling \$4.5 million from state special revenue orphan share fund to the general, this would increase the percentage of the budget funded with general fund by 12.9% when compared to the previous biennium.

The appropriation from the state special revenue junk vehicle account would be reduced by \$1.7 million to align proposed expenditures with anticipated revenue. As proposed, the budget is funded 21.8% with general fund, 51.2% with state special revenue, and 27.1% from federal sources.

Personal Services

Personal services appropriation in FY 2021 totaled \$9.5 million or 50.3% of total appropriations. The FY 2021 appropriation funded 103.53 FTE. The Executive proposes SWPL adjustments that decreases personal services by \$139,973 in FY 2022 and \$171,545 in FY 2023, there is no increase in FTE. All employees received statutory adjustments, 38 positions received career ladder adjustments, and 45 positions had adjustments for longevity. Adjustments are partially offset by employee turnover and retirements.

Funding

The following table shows proposed program funding by source of authority.

Department of Environmental Quality, 50-Air Energy & Mining Division Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	8,176,345	0	0	0	8,176,345	21.78 %
02036 Opencut permit Fees	1,628,741	0	0	0	1,628,741	8.48 %
02058 Petroleum Storage Tank Cleanup	0	0	0	0	0	0.00 %
02095 Opencut Bond Forfeitures	429,248	0	0	0	429,248	2.23 %
02096 Reclamation - Bond Forfeitures	347,688	0	0	0	347,688	1.81 %
02201 Air Quality-Operating Fees	7,951,097	0	0	0	7,951,097	41.40 %
02202 Asbestos Control	0	0	0	0	0	0.00 %
02291 Alternative Energy Loan ARRA	218,340	0	0	0	218,340	1.14 %
02370 Energy Conserv Repayment Acct	24,862	0	0	0	24,862	0.13 %
02555 Alternative Energy Rev Loan	419,518	0	0	0	419,518	2.18 %
02576 Natural Resources Operations	0	0	0	0	0	0.00 %
02579 Coal & Uranium Mine Account	573,138	0	0	0	573,138	2.98 %
02676 Hard Rock Reclamation	0	0	0	0	0	0.00 %
02955 State Energy conservation ARRA	1,062,942	0	0	0	1,062,942	5.53 %
02973 Univ System Benefits Program	182,102	0	0	0	182,102	0.95 %
02988 Hard Rock Mining Reclamation	6,368,629	0	0	0	6,368,629	33.16 %
State Special Total	\$19,206,305	\$0	\$0	\$0	\$19,206,305	51.15 %
03052 DOE SHOPP 09/14/21	34,640	0	0	0	34,640	0.34 %
03067 DSL Federal Reclamation Grant	425,860	0	0	0	425,860	4.19 %
03199 Stripper Wells	9,000	0	0	0	9,000	0.09 %
03262 EPA Ppg	0	0	0	0	0	0.00 %
03289 FY 14 State Clean Diesel	350,000	0	0	0	350,000	3.44 %
03325 EPA 103 PM 2.5	811,938	0	0	0	811,938	7.99 %
03433 EPA Perf Partnership Grant	3,238,934	0	0	0	3,238,934	31.86 %
03459 DOE Competitive Special Proj	801,600	0	0	0	801,600	7.89 %
03672 Source Reduction Assistance	0	0	0	0	0	0.00 %
03723 Clean Diesel DS-97867001	459,368	0	0	0	459,368	4.52 %
03816 DOI OSM A&E Grant	4,033,286	0	0	0	4,033,286	39.68 %
03973 EPA Brownfields Grant	0	0	0	0	0	0.00 %
03492 Coal ePermitting System	0	0	0	0	0	0.00 %
03087 ePermitting-Proj Mngr	0	0	0	0	0	0.00 %
03614 BLM-L17AC00009 O&M	0	0	0	0	0	0.00 %
03981 BLM Air Monitoring 06/22/2022	0	0	0	0	0	0.00 %
03029 SEEDS - EE0007672	0	0	0	0	0	0.00 %
03006 SEP-Utah_EE0008610-DOE	0	0	0	0	0	0.00 %
Federal Special Total	\$10,164,626	\$0	\$0	\$0	\$10,164,626	27.07 %
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$37,547,276	\$0	\$0	\$0	\$37,547,276	

The Air and Mining Division is funded primarily with state special and federal revenues. State special revenue consists of forfeited mining and reclamation bonds, and air quality fees. The agency also receives Resource Indemnity Trust

(RIT) interest via the natural resource operations fund. Hard rock mining reclamation revenue is primarily from interest earned with the state Board of Investments and funds transferred from the hard rock mining reclamation debt service fund. Federal revenues come primarily from EPA, Department of Energy, and Department of Interior grants. General fund supports personal services and operating expense.

Program Budget Summary by Category

The following table summarizes the total budget by base, present law adjustments, and new proposals. For a description of these categories, please see the [glossary](#).

Budget Summary by Category								
Budget Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget	Budget Fiscal 2022	Budget Fiscal 2023	Biennium Fiscal 22-23	Percent of Budget
2021 Base Budget	1,730,890	1,730,890	3,461,780	42.34 %	18,979,769	18,979,769	37,959,538	101.10 %
SWPL Adjustments	105,216	110,956	216,172	2.64 %	(60,155)	(28,107)	(88,262)	(0.24)%
PL Adjustments	0	0	0	0.00 %	0	0	0	0.00 %
New Proposals	2,246,365	2,252,028	4,498,393	55.02 %	(162,000)	(162,000)	(324,000)	(0.86)%
Total Budget	\$4,082,471	\$4,093,874	\$8,176,345		\$18,757,614	\$18,789,662	\$37,547,276	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the proposed budget. "Statewide Present Law" adjustments (DP 1, DP 2, DP 3) are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies.

Present Law Adjustments										
	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	83,808	(503,882)	325,150	(94,924)	0.00	89,835	(491,528)	330,552	(71,141)
DP 3 - Inflation Deflation	0.00	(2,583)	(28,829)	0	(31,412)	0.00	(1,620)	(18,079)	0	(19,699)
Grand Total All Present Law Adjustments	0.00	\$81,225	(\$532,711)	\$325,150	(\$126,336)	0.00	\$88,215	(\$509,607)	\$330,552	(\$90,840)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 1 - Personal Services -

The executive requests adjustments to the present law personal services budget. This request has been broken into the following categories, and further detail is shown in the agency summary:

- Formula based
- Personal services management decisions
- Modifications made to the personal services budget in the 2021 biennium

DP 3 - Inflation Deflation -

This change package includes funding to reflect budgetary changes generated from the application of inflation to specific expenditure accounts.

New Proposals

The New Proposals table shows new changes to spending

New Proposals	-----Fiscal 2022-----					-----Fiscal 2023-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 97 - Adjust specific SSR appropriations	0.00	0	(162,000)	0	(162,000)	0.00	0	(162,000)	0	(162,000)
DP 100 - Refinancing Natural Resources Operations Account	0.00	2,246,365	(2,246,365)	0	0	0.00	2,252,028	(2,252,028)	0	0
Total	0.00	\$2,246,365	(\$2,408,365)	\$0	(\$162,000)	0.00	\$2,252,028	(\$2,414,028)	\$0	(\$162,000)

*"Total Funds" amount includes funding from sources other than General Fund, State Special, or Federal Special (i.e. Proprietary).

DP 97 - Adjust specific SSR appropriations -

The executive proposed to reduce authority for the state special revenue universal systems benefits program account to align appropriation with anticipated revenue.

LFD COMMENT	<p>Universal system benefits program state special revenue account declining fund balance</p> <p>Over the past nine years revenues for this account have averaged \$56,300 per year, the base appropriation for the account is currently set at \$253,000 per year resulting in a declining fund balance. This proposal would reduce base appropriation to \$91,000 each year. From FY 2012 to FY 2020 the ending fund balance has declined at an annual rate of 20.0%. At the end of FY 2020 the ending fund balance was \$64,000. Revenue for the account is generated from a tax on utility revenues.</p> <p>Montana's universal system benefits program was established by the 1997 Legislature as part of restructuring Montana's electric and natural gas utilities. The legislation required utilities to fund pre-existing public purpose programs at a level that existed prior to deregulation.</p>
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DP 100 - Refinancing Natural Resources Operations Account -

The executive proposes to shift appropriation authority from the state special revenue natural resource operations account to the general fund.

LFD COMMENT	<p>Proposed legislation redirecting revenue streams from metal mines, oil, and gas.</p> <p>The Natural Resources Operations (NRO) state special revenue account is established in 15-38-301. Revenues for the fund are generated from taxes on metal mines, and oil & gas production. Proposed legislation would eliminate this fund and the revenues directed to the general fund. The executive is proposing that the revenue lost due to proposed legislation be replaced with general fund to include base funding and decision packages propose in the 2021 session. The proposed legislation is:</p> <p>LC851 - Eliminate natural resources operations fund</p> <p>The legislature may wish to consider</p> <ul style="list-style-type: none"> • Including HB2 language making any general fund appropriation approved by the legislature contingent on the passage of LC0851 • Postponing any executive action on the proposal until positive action by the legislature has been taken LC0851
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