

Agency Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Agency Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	88,822,671	92,521,444	3,698,773	4.16 %
Operating Expenses	42,388,200	56,540,399	14,152,199	33.39 %
Equipment & Intangible Assets	2,973,832	2,823,032	(150,800)	(5.07)%
Local Assistance	4,116,180	6,116,180	2,000,000	48.59 %
Grants	5,227,418	7,225,428	1,998,010	38.22 %
Benefits & Claims	800,000	800,000	0	0.00 %
Transfers	3,466,496	3,448,486	(18,010)	(0.52)%
Debt Service	4,656,100	4,527,532	(128,568)	(2.76)%
Total Expenditures	\$152,450,897	\$174,002,501	\$21,551,604	14.14 %
General Fund	64,075,066	74,734,584	10,659,518	16.64 %
State/Other Special Rev. Funds	84,237,211	95,032,176	10,794,965	12.81 %
Federal Spec. Rev. Funds	4,138,620	4,235,741	97,121	2.35 %
Total Funds	\$152,450,897	\$174,002,501	\$21,551,604	14.14 %
Total Ongoing	\$152,252,197	\$168,536,810	\$16,284,613	10.70 %
Total OTO	\$198,700	\$5,465,691	\$5,266,991	2,650.73 %

Agency Description

The department is responsible for managing state trust land; protecting Montana’s natural resources from wildfire; promoting stewardship of state water, soil, forest, and rangeland resources; providing assistance to the conservation districts; providing natural resource conservation education; and providing support to the Board of Oil and Gas Conservation and other commissions and advisory councils.

The department consists of six divisions with the following functions:

The Director’s Office (61.75 FTE) provides management and administrative services for the department. This includes activities such as legal, human resources, financial, information technology, records management, administrative hearings, safety, and communication services.

The Oil and Gas Conservation Division (19.50 FTE) is responsible for programs operated for the prevention of resource waste through regulation of oil and gas exploration and production. This division supports the quasi-judicial Board of Oil and Gas that is charged with regulation of the industry.

The Conservation and Resources Development Division (30.17 FTE) provides administrative, legal, and technical assistance and financial grants to the conservation districts and manages natural resource conservation and development grant and loan programs for local governments, state agencies, and private individuals. The division also administers six attached councils and commissions and the Montana Sage Grouse Oversight Team.

The Water Resource Division (136.26 FTE) is responsible for the administration of all water use within the state, including: maintaining the database for all water rights, providing technical and legal support for implementation of approved water compacts for Indian tribes and federal agencies, managing state water projects, investigating water use act violations, ensuring dam safety compliance, and providing water adjudication support to the Water Court.

The Forestry and Trust Lands Division (292.93 FTE) is responsible for planning and implementing forestry programs statewide. Division responsibilities include: protecting natural resources from wildfire, regulating forest practices, providing a variety of services to private forest landowners, implementing cross boundary projects to build resilient forests, sustainable economies and fire adapted communities, increasing forest restoration, management and health on federal lands and growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

The division is also responsible for the management of the state trust land resources to produce revenues for the trust beneficiaries while considering environmental factors and protecting the future income-generating capacity of the land. This work is done under the direction of the State Board of Land Commissioners (comprised of the Governor, State Auditor, Attorney General, Superintendent of Public Instruction, and Secretary of State), who are constitutionally charged to oversee trust resources. The department director is the chief administrative officer of the board.

Agency Highlights

Department of Natural Resources and Conservation Major Budget Highlights
<p>The legislature approved an increase of \$21.6 million, or 14.1% when compared to the 2023 biennium. Funding increases include:</p> <ul style="list-style-type: none"> • Adjustments for personal services, inflation, and fixed costs - \$5.6 million • Water resources development - \$3.0 million • Water and wastewater projects - \$2.9 million • State-owned dam and irrigation infrastructure, operation, maintenance, and safety - \$2.1 million • Funding for conservation districts - \$2.3 million • Fire protection and mitigation programs - \$1.7 million • Trust lands operation and maintenance - \$1.3 million • Weather modification study - \$300,000 • Regional water authority expansion - \$283,846 • Director's Office new project manager 1.00 FTE - \$241,892 • Forestry communications coordinator - \$197,258 • Grass commission augmentation - \$160,000 • Other proposals for infrastructure, operations, invasive species, and internship programs - \$532,715

Agency Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	539.61	539.61	540.61	540.61
Personal Services	41,376,729	43,742,274	45,080,397	46,131,965	46,389,479
Operating Expenses	18,583,567	20,991,711	21,396,489	28,101,104	28,439,295
Equipment & Intangible Assets	1,666,313	1,620,766	1,353,066	1,436,516	1,386,516
Local Assistance	989,300	2,058,090	2,058,090	3,058,090	3,058,090
Grants	2,648,021	2,689,704	2,537,714	3,237,714	3,987,714
Benefits & Claims	0	400,000	400,000	400,000	400,000
Transfers	1,690,589	1,742,253	1,724,243	1,724,243	1,724,243
Debt Service	2,177,955	2,392,334	2,263,766	2,263,766	2,263,766
Total Expenditures	\$69,132,474	\$75,637,132	\$76,813,765	\$86,353,398	\$87,649,103
General Fund	30,225,435	31,501,212	32,573,854	37,423,743	37,310,841
State/Other Special Rev. Funds	36,965,101	42,067,923	42,169,288	46,814,286	48,217,890
Federal Spec. Rev. Funds	1,941,938	2,067,997	2,070,623	2,115,369	2,120,372
Total Funds	\$69,132,474	\$75,637,132	\$76,813,765	\$86,353,398	\$87,649,103
Total Ongoing	\$68,983,774	\$75,488,432	\$76,763,765	\$83,829,480	\$84,707,330
Total OTO	\$148,700	\$148,700	\$50,000	\$2,523,918	\$2,941,773

Summary of Legislative Action

The legislature approved an increase of 14.1% or \$21.6 million in total appropriation including a 16.6% or \$10.7 million increase in general fund. New ongoing funding totaled \$16.3 million, and one-time-only appropriations increased by \$5.3 million compared to the previous biennium.

The legislature approved a new project manager and business analyst position (1.00 FTE) in the Director’s Office to manage, coordinate, and oversee large technical projects. The new position is funded with a combination of general fund and state special revenue totaling \$241,892.

Ongoing general fund and state special revenue totaling \$2.5 million was approved for the Water Resource Division to support operations, maintenance, dam safety programs, flood plain mapping for high hazard dams, and funding to clear backlog of permit updates.

General fund and state special revenue totaling \$2.4 million was appropriated to the forestry division to support the operation of trust lands, forestry fire protection, information, and communications programs. State special revenue of \$2.0 million was approved for local assistance for water and wastewater infrastructure, and \$100,000 was approved to support the operation Montana Invasive Species Council. Funding for the Grass Commission was increased by \$160,000 in general fund; funding for rangeland internship programs was increased by \$50,000. Funding for operation and maintenance of various management systems and public portals totaled \$1.0 million in state and special revenue.

The legislature approved one-time-only (OTO) appropriations of \$2.9 million in general fund and \$2.6 million in state special revenue. OTO appropriations support the operations of conservation districts, stream gage networks, planning and design of the Willow Creek Dam rehabilitation as well as other dams and irrigation infrastructure, expansion of regional water systems, satellite-based data collection system, and a weather modification study. The legislature also approved an OTO reduction to reflect savings in premiums paid to the Risk Management and Tort Defense Division proprietary fund.

Funding

The following table shows adopted agency funding for all sources of authority.

Total Department of Natural Resources and Conservation Funding by Source of Authority 2025 Biennium Budget Request - Department of Natural Resources and Conservation							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
General Fund	71,862,894	2,871,690	0	0	74,734,584	40.38 %	
State Special Total	92,438,175	2,594,001	0	2,372,794	97,404,970	52.64 %	
Federal Special Total	4,235,741	0	0	1,210,966	5,446,707	2.94 %	
Proprietary Total	0	0	7,470,292	0	7,470,292	4.04 %	
Other Total	0	0	0	0	0	0.00 %	
Total All Funds	\$168,536,810	\$5,465,691	\$7,470,292	\$3,583,760	\$185,056,553		
Percent - Total All Sources	91.07 %	2.95 %	4.04 %	1.94 %			

Department of Natural Resources and Conservation is primarily funded with general fund and state special revenue. Non-budgeted proprietary funds are supported with revenue from the state nursery and charges for air operations.

Statutory Authority

DNRC has multiple statutory appropriations, including:

The oil and gas production damage mitigation state special revenue fund (82-11-161, MCA) is statutorily appropriated and under the authority of the Board of Oil and Gas. It receives up to \$650,000 from the Resource Indemnity Trust interest each biennium for the reclamation of drill sites and production areas associated with oil and natural gas production. Over the past five fiscal years, DNRC has expended an average of \$361,000 per fiscal year.

The Morrill trust land administration state special revenue fund (77-1-108, MCA) receives an \$80,000 transfer each biennium from the general fund for the purposes of administering the Morrill Trust lands. Over the past five fiscal years DNRC has expended an average of \$21,100 per fiscal year. Over the last ten years, the ending fund balance has grown at about 11.3% per year. The ending fund balance in FY 2022 was \$139,400.

The wildfire suppression state special revenue fund (73-13-150, MCA) pays for the state share of wildfire suppression. The fund receives revenue from the Governor’s unspent emergency general fund appropriation and general fund reversions in excess of 0.5% of the state general fund budget. Historically, the 10-year inflation adjusted average for state wildfire costs was \$25.0 million. Up to \$5.0 million is statutorily appropriated for fuel reduction, fire suppression equipment for county cooperatives, and other forest management programs.

The Sage Grouse Stewardship state special revenue account (76-22-109) is used to maintain, enhance, restore, expand, of benefit sage grouse habitat and populations. For FY 2018 through FY 2021 the fund receives a transfer of \$2.0 million from the general fund, starting in FY 2022 revenue is from compensatory mitigation as established in 76-22-111, MCA and donations.

The Good Neighbor Authority (GNA) state special revenue account (76-13-151, MCA) generates revenue from the sale of timber from GNA projects on federal lands. GNA allows the USDA Forest Service to enter into agreements with state forestry agencies to execute management work on federal forests within the state of Montana.

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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	32,573,854	32,573,854	65,147,708	87.17 %	76,763,765	76,763,765	153,527,530	88.23 %
SWPL Adjustments	1,260,372	1,394,484	2,654,856	3.55 %	3,072,126	3,439,591	6,511,717	3.74 %
PL Adjustments	1,175,829	1,153,912	2,329,741	3.12 %	2,899,454	2,902,450	5,801,904	3.33 %
New Proposals	2,413,688	2,188,591	4,602,279	6.16 %	3,618,053	4,543,297	8,161,350	4.69 %
Total Budget	\$37,423,743	\$37,310,841	\$74,734,584		\$86,353,398	\$87,649,103	\$174,002,501	

Other Legislation

HB 4 – “Appropriations by budget amendment”

The legislature approved the continuation of budget amendments for federal funds into the 2025 biennium supporting watershed protection, drinking water grants and loans, water infrastructure improvements, aquatic invasive species mitigation, range health programs, college internships, and sage grouse habitat conservation programs.

HB 5 “Long-range building appropriations”

HB 5 includes funding for repairs, and capital development projects for various, nurseries, bunk houses, shops, and repair facilities.

HB 6 – “Renewable resource grants”

HB 6 provides a \$16.3 million in grant authority from the natural resources projects state special revenue account for planning, irrigation, watershed nonpoint source pollution reduction, water, and wastewater system improvement. HB 6 also provides for a transfer of \$26.0 million from the general fund to the natural resource projects state special revenue account to be used for long-term loans for the operation and maintenance of Milk River projects.

HB 7 – “Reclamation and development grants”

HB 7 appropriates \$5.6 million from the natural resource projects state special revenue account for reclamation and development grants to local governments.

HB 10 - "Long-range information technology financings and appropriations"

HB 10 provides \$4.4 million to the agency to fund a financial management system, fire finance processing system, Flathead Reservation information technology system, and trust land management system customer portal.

HB 11 - "Montana coal endowment program"

HB 11 provides \$10 million from the Montana coal endowment regional water system state special revenue account to the Department of Natural Resources and Conservation to finance the state's share of regional water system projects authorized in the bill.

HB 114 - "Revise timelines for water right permit and change process"

HB 114 revises the timeline for application review, decision, and public notice of an application from 360 days to 105 days.

HB 141 - "Revise Blackfeet mitigation fund laws"

HB 141 statutorily appropriates all funds in the Blackfeet Tribal water rights compact mitigation account to the Department of Natural Resources and Conservation for the implementation of the water rights compact.

HB 270 - "Extend sunset on natural resource operation funding"

HB 270 extends the sunset date from June 30, 2025 to June 30, 2027 for transfers from the general fund to the Natural Resource Operations state special revenue account sufficient, in combination with existing fund balance, to fund appropriations approved in HB 2.

HB 321 - "Generally revise laws related to the coal trust"

HB 321 establishes a conservation district fund within the coal tax trust fund. The new conservation district fund will receive 65% of the coal severance tax revenue deposited into the coal tax trust fund beginning in FY 2024 and continue until the conservation district fund balance reaches \$100.0 million. Earnings on the fund balance will be transferred to the conservation district state special revenue account administered by the Department of Natural Resources and Conservation providing funds to conservation districts.

HB 586 - "Allow fossils found on state lands to be housed in local museums"

HB 586 modifies the Montana State Antiquities Act giving qualified museums or institutions most proximate to excavations on state lands priority when determining where fossils will be deposited.

HB 883 - "Generally revise state finance"

The legislature authorized through HB 883 a one-time-only transfer of \$152.0 million from the state general fund to the wildfire suppression state special fund. In addition, the legislation directed support for fire preparedness through a temporary (during the 2025 biennium only) statutory appropriation up to 0.5% of all general revenue appropriations in the second year of the biennium. "General fund revenues" meaning defined in 17-7-102, Montana Code Annotated.

Further, in even-numbered years, if the state general fund ending fund balance exceeds 8.3% of operating reserve, then the state treasurer is authorized to transfer general fund to the wildfire suppression up to 6.0% of all general revenue appropriations in the second year of the biennium, provided the general fund does not dip below its recommended operating reserve.

In odd-numbered years, if the wildfire suppression fund exceeds 3.0% of all general revenue appropriations in the second year of the biennium, then up to 1.0% may be used and is statutorily appropriated from the wildfire suppression fund for collaborative support for fire suppression costs; fuel reduction and mitigation; forest restoration; grants to county cooperatives for fire suppression equipment, federal lands forest management, collaborative support, road maintenance on federal lands and fire preparedness. No more than 5.0% may be used for fire preparedness.

Executive Budget Comparison

The following table compares the legislative budget for the biennium to the budget requested by the Governor by type of expenditure and source of funding.

Executive Budget Comparison								
Budget Item	Approp. Fiscal 2023	Executive Budget Fiscal 2024	Legislative Budget Fiscal 2024	Leg — Exec. Difference Fiscal 2024	Executive Budget Fiscal 2025	Legislative Budget Fiscal 2025	Leg — Exec. Difference Fiscal 2025	Biennium Difference Fiscal 24-25
FTE	539.61	540.61	540.61	0.00	540.61	540.61	0.00	0.00
Personal Services	45,080,397	46,617,356	46,131,965	(485,391)	46,877,580	46,389,479	(488,101)	(973,492)
Operating Expenses	21,396,489	27,737,916	28,101,104	363,188	28,076,761	28,439,295	362,534	725,722
Equipment & Intangible Assets	1,353,066	1,436,516	1,436,516	0	1,386,516	1,386,516	0	0
Capital Outlay	0	0	0	0	0	0	0	0
Local Assistance	2,058,090	3,058,090	3,058,090	0	3,058,090	3,058,090	0	0
Grants	2,537,714	2,487,714	3,237,714	750,000	2,487,714	3,987,714	1,500,000	2,250,000
Benefits & Claims	400,000	400,000	400,000	0	400,000	400,000	0	0
Transfers	1,724,243	1,724,243	1,724,243	0	1,724,243	1,724,243	0	0
Debt Service	2,263,766	2,263,766	2,263,766	0	2,263,766	2,263,766	0	0
Total Costs	\$76,813,765	\$85,725,601	\$86,353,398	\$627,797	\$86,274,670	\$87,649,103	\$1,374,433	\$2,002,230
General Fund	32,573,854	37,470,481	37,423,743	(46,738)	37,359,469	37,310,841	(48,628)	(95,366)
State/other Special Rev. Funds	42,169,288	46,136,641	46,814,286	677,645	46,791,731	48,217,890	1,426,159	2,103,804
Federal Spec. Rev. Funds	2,070,623	2,118,479	2,115,369	(3,110)	2,123,470	2,120,372	(3,098)	(6,208)
Other	0	0	0	0	0	0	0	0
Total Funds	\$76,813,765	\$85,725,601	\$86,353,398	\$627,797	\$86,274,670	\$87,649,103	\$1,374,433	\$2,002,230
Total Ongoing	\$76,763,765	\$83,380,003	\$83,829,480	\$449,477	\$84,261,217	\$84,707,330	\$446,113	\$895,590
Total OTO	\$50,000	\$2,345,598	\$2,523,918	\$178,320	\$2,013,453	\$2,941,773	\$928,320	\$1,106,640

The legislature approved total appropriations \$2.0 million higher than the executive request, primarily for state special revenue grants to conservation districts. Specifically, the legislature approved additional:

- State special revenue grants to conservation districts - \$2.3 million
- Additional vacancy savings of 1.0% - (\$973,492)
- General fund for a weather modification study, one-time-only - \$300,000
- Funding for expansion of water districts - \$283,846
- General fund authority for the grass commission - \$160,000

Language and Statutory Authority

The legislature adopted the following language in HB 2:

"During the 2025 biennium, the Department of Natural Resources and Conservation is authorized to decrease federal special revenue in the water pollution control and/or drinking water revolving fund loan programs and increase state special revenue by a like amount within administration accounts when the amount of federal Environmental Protection Agency CAP grant funds allocated for administration of the grant have been expended or federal funds and bond proceeds will be used for other program purposes as authorized in law providing for the distribution of funds."

"During the 2025 biennium, up to \$1,500,000 of funds currently in or to be deposited in the Department of Natural Resources and Conservation Indirects state special revenue account is appropriated to the department for indirect pool expenditures."

"During the 2025 biennium, up to \$600,000 from the loan loss reserve account of the private loan program established in 85-1-603 is appropriated to the department for the purchase of prior liens on property held as loan security as provided in 85-1-615."

"During the 2025 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account is appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility."

"During the 2025 biennium, up to \$1,500,000 of funds currently in or to be deposited in the state project hydropower earnings account is appropriated to the department for the purpose of repairing, improving, or rehabilitating department state water projects."

"During the 2025 biennium, up to \$100,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project."

"During the 2025 biennium, up to \$1 million of funds currently in or to be deposited in the contract timber harvest account is appropriated to the department for contract harvesting, a tool to improve forest health and generate revenue for trust beneficiaries."

"During the 2025 biennium, up to \$150,000 of funds in the Trust Administration and Forest Improvement accounts are appropriated to the department for road maintenance on state trust lands due to damage from erosion, public use, flooding and/or post fire or other natural disaster restoration."

"During the 2025 biennium, up to \$100,000 of funds currently in or to be deposited in the Trust Administration account are appropriated to the department for agriculture and grazing management infrastructure on state trust lands and unexpected or emergency repair or replacement due to damage from public use, flooding, fire or other natural disasters."

"If HB 10 does not include an appropriation to the Department of Natural Resources and Conservation for the Financial Management System, then HB 2 general fund appropriation for the Financial Management System is reduced by \$199,853 in FY 2025, and state special revenue is reduced by \$15,5147 in FY 2025"

"During the 2025 biennium, up to \$3 million of earnings transferred from the conservation district fund created in HB 321 are appropriated from the conservation district account authorized in 76-15-106 for the purpose authorized in 76-15-502."

"Prior to December in each year of the 2025 biennium, the Department of Natural Resources and Conservation will report to the Water Policy Interim Committee on the progress of the weather modification feasibility study."

"The Director's Office includes an increase in general fund of \$190,566 in FY 2024 and \$233,158 in FY 2025, an increase in state special revenue of \$239,942 in FY 2024 and \$303,694 in FY 2025, and an increase of federal special revenue of \$14,124 in FY 2024 and \$15,423 in FY 2025. The increase was provided to offset inflationary impacts. The agency may allocate this increase in funding among programs when developing 2025 biennium operating plans."

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	11,329,918	12,062,629	732,711	6.47 %
Operating Expenses	4,029,713	5,933,701	1,903,988	47.25 %
Equipment & Intangible Assets	125,108	125,108	0	0.00 %
Transfers	1,000	1,000	0	0.00 %
Debt Service	955,530	968,258	12,728	1.33 %
Total Expenditures	\$16,441,269	\$19,090,696	\$2,649,427	16.11 %
General Fund	9,326,466	10,765,089	1,438,623	15.43 %
State/Other Special Rev. Funds	7,114,803	8,296,060	1,181,257	16.60 %
Federal Spec. Rev. Funds	0	29,547	29,547	0.00 %
Total Funds	\$16,441,269	\$19,090,696	\$2,649,427	16.11 %
Total Ongoing	\$16,441,269	\$18,836,558	\$2,395,289	14.57 %
Total OTO	\$0	\$254,138	\$254,138	100.00 %

Program Description

The Director's Office is comprised of the Director's Office, Legal Services Office, Financial Services Office, Office of Information Technology, Human Resources Office, and Office of Administrative Hearings. The director is responsible for the administration of all the functions vested by law in the department and for establishing policy to be followed by the department. In addition, the work units in the Director's Office provide legal, human resources, financial, information technology, records management, administrative hearings, safety, and communication services to the director and the divisions within the agency.

Program Highlights

<p>Director's Office Major Budget Highlights</p>
<p>The legislature approved a 16.1% or \$2.6 million increase in total appropriations when compared to the 2023 Biennium, including:</p> <ul style="list-style-type: none"> • Present law adjustments for personal services, inflation, and fixed costs - \$1.8 million • Financial management system operation and maintenance - \$355,000 • 1.00 FTE Project Manager and Business Analyst - \$241,892 • Weather modification feasibility study, one-time-only - \$300,000

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	60.75	60.75	61.75	61.75
Personal Services	5,393,724	5,588,816	5,741,102	6,015,100	6,047,529
Operating Expenses	2,048,188	2,135,802	1,893,911	2,820,727	3,112,974
Equipment & Intangible Assets	0	62,554	62,554	62,554	62,554
Transfers	0	500	500	500	500
Debt Service	471,388	471,401	484,129	484,129	484,129
Total Expenditures	\$7,913,300	\$8,259,073	\$8,182,196	\$9,383,010	\$9,707,686
General Fund	4,375,872	4,681,348	4,645,118	5,300,140	5,464,949
State/Other Special Rev. Funds	3,537,428	3,577,725	3,537,078	4,068,746	4,227,314
Federal Spec. Rev. Funds	0	0	0	14,124	15,423
Total Funds	\$7,913,300	\$8,259,073	\$8,182,196	\$9,383,010	\$9,707,686
Total Ongoing	\$7,913,300	\$8,259,073	\$8,182,196	\$9,255,941	\$9,580,617
Total OTO	\$0	\$0	\$0	\$127,069	\$127,069

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Natural Resources and Conservation, 21-Directors Office Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	10,765,089	0	0	10,765,089	56.39 %	
02039 Fire Protection Assessments	1,432,527	0	0	1,432,527	17.27 %	
02052 Rangeland Improvement Loans	65,480	0	0	65,480	0.79 %	
02073 Forestry - Slash Disposal	13,223	0	0	13,223	0.16 %	
02145 Broadwater O & M	92,471	0	0	92,471	1.11 %	
02223 Wastewater SRF Special Admin	154,701	0	0	154,701	1.86 %	
02429 Weather Modification	2	0	0	2	0.00 %	
02430 Water Right Appropriation	347,523	0	0	347,523	4.19 %	
02431 Water Adjudication	1,019,421	0	0	1,019,421	12.29 %	
02432 Oil & Gas ERA	430,844	0	0	430,844	5.19 %	
02491 Drinking Water Spec Admin Cost	154,702	0	0	154,702	1.86 %	
02576 Natural Resources Operations	624,052	0	0	624,052	7.52 %	
02825 Water Well Contractors	70,387	0	0	70,387	0.85 %	
02938 TLMD Trust Administration	2,859,330	0	0	2,859,330	34.47 %	
02048 Conservation District Acct	55,969	0	0	55,969	0.67 %	
02284 Aquatic Invasive Species	45,952	0	0	45,952	0.55 %	
02492 DO INDIRECTS	929,476	0	0	929,476	11.20 %	
State Special Total	\$8,296,060	\$0	\$0	\$8,296,060	43.46 %	
03237 CONSOLIDATED GRANT-FY25	29,547	0	0	29,547	100.00 %	
Federal Special Total	\$29,547	\$0	\$0	\$29,547	0.15 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$19,090,696	\$0	\$0	\$19,090,696		

The Director’s Office is funded with general fund and state special revenue generated from timber sales, taxes on oil and gas, fire protection taxes, and other taxes and fees. State special revenue is used to cover the costs of services provided to other programs in the department.

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	4,645,118	4,645,118	9,290,236	86.30 %	8,182,196	8,182,196	16,364,392	85.72 %
SWPL Adjustments	330,871	266,884	597,755	5.55 %	595,209	481,458	1,076,667	5.64 %
PL Adjustments	321	213	534	0.01 %	573	404	977	0.01 %
New Proposals	323,830	552,734	876,564	8.14 %	605,032	1,043,628	1,648,660	8.64 %
Total Budget	\$5,300,140	\$5,464,949	\$10,765,089		\$9,383,010	\$9,707,686	\$19,090,696	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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 2024-----				-----Fiscal 2025-----					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	123,433	95,836	0	219,269	0.00	141,887	110,152	0	252,039
DP 2 - Fixed Costs	0.00	129,223	107,778	0	237,001	0.00	35,500	34,949	0	70,449
DP 3 - Inflation Deflation	0.00	78,215	60,724	0	138,939	0.00	89,497	69,473	0	158,970
DP 20 - SABHRS Rate Adjustment	0.00	360	283	0	643	0.00	249	219	0	468
DP 30 - Motor Pool Rate Adjustment	0.00	(39)	(31)	0	(70)	0.00	(36)	(28)	0	(64)
DP 222 - RMTD Adjustment	0.00	12,503	10,428	0	22,931	0.00	11,555	11,376	0	22,931
DP 223 - RMTD Adjustment (OTO)	0.00	(12,503)	(10,428)	0	(22,931)	0.00	(11,555)	(11,376)	0	(22,931)
Grand Total All Present Law Adjustments	0.00	\$331,192	\$264,590	\$0	\$595,782	0.00	\$267,097	\$214,765	\$0	\$481,862

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 99 - New Fixed Costs	0.00	21,567	12,473	0	34,040	0.00	21,567	12,473	0	34,040
DP 333 - Adjustment to Inflation	0.00	(46,538)	(36,131)	0	(82,669)	0.00	(58,311)	(45,264)	0	(103,575)
DP 555 - Additional Vacancy Savings	0.00	(35,641)	(27,676)	0	(63,317)	0.00	(35,833)	(27,825)	0	(63,658)
DP 2101 - DO Project Manager/Business Analyst Position	1.00	68,876	53,470	0	122,346	1.00	67,300	52,246	0	119,546
DP 2104 - DO Financial Management System O & M	0.00	0	0	0	0	0.00	199,853	155,147	0	355,000
DP 2110 - Weather Modification Feasibility Study (RST/BIEN/OTO)	0.00	125,000	25,000	0	150,000	0.00	125,000	25,000	0	150,000
DP 3333 - Additional Adjustment to Inflation	0.00	190,566	239,942	14,124	444,632	0.00	233,158	303,694	15,423	552,275
Total	1.00	\$323,830	\$267,078	\$14,124	\$605,032	1.00	\$552,734	\$475,471	\$15,423	\$1,043,628

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

DP 99 - New Fixed Costs -

The legislature approved funding for a new fixed cost for the Chief Data Office. Additionally, the legislature approved \$68,000 for the agency to provide funding for a new fixed cost for the State Management Training Center. This appropriation is offset by a reduction to the existing training budget in the agency. The rates charged for this service are approved in the section of the budget that provides the services.

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 2101 - DO Project Manager/Business Analyst Position -

The legislature approved an increase in general fund and state special revenue to support an additional 1.00 FTE as a project manager and business analyst. The new FTE will manage, coordinate, and oversee large technical projects within and across divisions and with third party vendors.

DP 2104 - DO Financial Management System O & M -

The legislature approved an increase in general fund and state special revenue funds for the annual ongoing maintenance costs for the DNRC Financial Management System. This decision package is contingent on the passage of the DNRC's HB 10 request. HB 10 was passed and approved and included authority for the financial management system.

DP 2110 - Weather Modification Feasibility Study (RST/BIEN/OTO) -

The legislature approved as one-time-only \$250,000 in general fund and \$50,000 in state special revenue to conduct a study assessing the feasibility of implementing a watershed scale weather modification project in Montana.

DP 3333 - Additional Adjustment to Inflation -

The legislature adopted an additional adjustment to inflation included in DP 3.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	3,210,630	3,298,066	87,436	2.72 %
Operating Expenses	965,510	1,047,030	81,520	8.44 %
Equipment & Intangible Assets	133,100	180,000	46,900	35.24 %
Debt Service	44,527	36,982	(7,545)	(16.94)%
Total Expenditures	\$4,353,767	\$4,562,078	\$208,311	4.78 %
State/Other Special Rev. Funds	4,139,139	4,346,320	207,181	5.01 %
Federal Spec. Rev. Funds	214,628	215,758	1,130	0.53 %
Total Funds	\$4,353,767	\$4,562,078	\$208,311	4.78 %
Total Ongoing	\$4,353,767	\$4,587,882	\$234,115	5.38 %
Total OTO	\$0	(\$25,804)	(\$25,804)	100.00 %

Program Description

The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. The division’s responsibilities include the following:

- Issue drilling permits
- Require measures to be taken to prevent damage to land and underground strata
- Classify wells
- Establish well spacing units and pooling orders
- Inspect drilling, production, and seismic operations
- Investigate complaints
- Perform engineering studies
- Determine incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects
- Operate the underground injection control program
- Plug orphan wells
- Collect and maintain complete well data and production information

Program Highlights

Oil and Gas Conservation Division Major Budget Highlights
The legislature approved a 4.8% or \$208,311 increase in total appropriations when compared to the 2023 Biennium for personal services, inflation, fixed costs, and equipment.

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	19.50	19.50	19.50	19.50
Personal Services	1,400,880	1,595,626	1,615,004	1,645,042	1,653,024
Operating Expenses	327,740	473,136	492,374	521,935	525,095
Equipment & Intangible Assets	79,112	76,550	56,550	90,000	90,000
Debt Service	26,037	26,036	18,491	18,491	18,491
Total Expenditures	\$1,833,769	\$2,171,348	\$2,182,419	\$2,275,468	\$2,286,610
State/Other Special Rev. Funds	1,803,520	2,064,599	2,074,540	2,167,589	2,178,731
Federal Spec. Rev. Funds	30,249	106,749	107,879	107,879	107,879
Total Funds	\$1,833,769	\$2,171,348	\$2,182,419	\$2,275,468	\$2,286,610
Total Ongoing	\$1,833,769	\$2,171,348	\$2,182,419	\$2,288,370	\$2,299,512
Total OTO	\$0	\$0	\$0	(\$12,902)	(\$12,902)

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Natural Resources and Conservation, 22-Oil & Gas Conservation Div Funding by Source of Authority					
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0.00 %
02010 Oil & Gas Damage Mitigation	0	0	403,484	403,484	8.49 %
02432 Oil & Gas ERA	4,346,320	0	0	4,346,320	91.51 %
State Special Total	\$4,346,320	\$0	\$403,484	\$4,749,804	95.65 %
03356 Oil & Gas Federal	215,758	0	0	215,758	100.00 %
Federal Special Total	\$215,758	\$0	\$0	\$215,758	4.35 %
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %
Total All Funds	\$4,562,078	\$0	\$403,484	\$4,965,562	

The division is funded through taxes levied on oil and gas production and fees paid by operators of class II injection wells. Statutory funds are appropriated for oil and gas damage mitigation.

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 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	0	0	0	0.00 %	2,182,419	2,182,419	4,364,838	95.68 %
SWPL Adjustments	0	0	0	0.00 %	73,364	86,723	160,087	3.51 %
PL Adjustments	0	0	0	0.00 %	46,387	46,331	92,718	2.03 %
New Proposals	0	0	0	0.00 %	(26,702)	(28,863)	(55,565)	(1.22)%
Total Budget	\$0	\$0	\$0		\$2,275,468	\$2,286,610	\$4,562,078	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	34,448	0	34,448	0.00	0	42,514	0	42,514
DP 2 - Fixed Costs	0.00	0	9,374	0	9,374	0.00	0	9,190	0	9,190
DP 3 - Inflation Deflation	0.00	0	29,542	0	29,542	0.00	0	35,019	0	35,019
DP 20 - SABHRS Rate Adjustment	0.00	0	165	0	165	0.00	0	109	0	109
DP 222 - RMTD Adjustment	0.00	0	12,902	0	12,902	0.00	0	12,902	0	12,902
DP 223 - RMTD Adjustment (OTO)	0.00	0	(12,902)	0	(12,902)	0.00	0	(12,902)	0	(12,902)
DP 2201 - BOGC Per Diem, Overtime, & Equipment Adjustment	0.00	0	46,222	0	46,222	0.00	0	46,222	0	46,222
Grand Total All Present Law Adjustments	0.00	\$0	\$119,751	\$0	\$119,751	0.00	\$0	\$133,054	\$0	\$133,054

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 2201 - BOGC Per Diem, Overtime, & Equipment Adjustment -

The legislature approved an increase in authority to fund overtime for field inspectors, per diem for member of the Board of Oil and Gas Conservation, and higher vehicle costs. This decision package is funded with state special revenue form drilling permits, underground injection permits, and taxes on oil and gas production.

New Proposals

The “New Proposals” table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	0	(9,520)	0	(9,520)	0.00	0	(11,597)	0	(11,597)
DP 555 - Additional Vacancy Savings	0.00	0	(17,182)	0	(17,182)	0.00	0	(17,266)	0	(17,266)
Total	0.00	\$0	(\$26,702)	\$0	(\$26,702)	0.00	\$0	(\$28,863)	\$0	(\$28,863)

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

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

57060 - Department of Natural Resources and Conservation 23-Conservation/resource Dev Div

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	5,353,544	5,576,757	223,213	4.17 %
Operating Expenses	5,719,359	7,018,076	1,298,717	22.71 %
Equipment & Intangible Assets	87,486	87,486	0	0.00 %
Local Assistance	4,116,180	6,116,180	2,000,000	48.59 %
Grants	4,532,488	6,530,498	1,998,010	44.08 %
Benefits & Claims	800,000	800,000	0	0.00 %
Transfers	18,010	0	(18,010)	(100.00)%
Debt Service	475,060	477,562	2,502	0.53 %
Total Expenditures	\$21,102,127	\$26,606,559	\$5,504,432	26.08 %
General Fund	3,607,500	3,963,684	356,184	9.87 %
State/Other Special Rev. Funds	16,878,055	22,026,303	5,148,248	30.50 %
Federal Spec. Rev. Funds	616,572	616,572	0	0.00 %
Total Funds	\$21,102,127	\$26,606,559	\$5,504,432	26.08 %
Total Ongoing	\$21,002,127	\$23,802,557	\$2,800,430	13.33 %
Total OTO	\$100,000	\$2,804,002	\$2,704,002	2,704.00 %

Program Description

The Conservation and Resource Development Division (CARDD) provides technical, administrative, financial, and legal assistance to Montana's 58 Conservation Districts (CD) by administering the Conservation District Act and assisting CD's as they administer the Natural Streambed and Land Preservation Act. The division co-administers the State Revolving Fund loan programs with DEQ and provides coal severance tax loans to governmental entities, and private loans. Grant programs administered by the division include the Reclamation Development, Renewable Resource, and Conservation District grant programs. Administratively attached to the division are:

- Flathead Basin Commission
- Upper Columbia Conservation Commission
- Montana Invasive Species Council
- Rangeland Resource Committee
- Grass Conservation Commission,
- Resource Conservation Advisory Council, and

57060 - Department of Natural Resources and Conservation 23-Conservation/resource Dev Div

Program Highlights

Conservation and Resource Development Division Major Budget Highlights	
<p>The legislature approved a 26.1% or \$5.5 million increase in total appropriations when compared to the 2023 Biennium, including:</p> <ul style="list-style-type: none"> • Present law adjustments for personal services, inflation, and fixed costs - \$394,549 • One-time-only funding for conservation districts - \$2.3 million • Local assistance for water and wastewater infrastructure - \$2.0 million • One-time-only increase for anticipated workload related to federally funded infrastructure projects - \$300,000 • One-time-only funding for the administration of regional water systems - \$283,846 • Increased funding for the Grass Commission - \$160,000 • Funding for the Montana Invasive Species Council - \$100,000 • Increased authority for Rangeland Resource Internship program - \$50,000 	

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	30.17	30.17	30.17	30.17
Personal Services	2,505,882	2,600,133	2,753,411	2,779,566	2,797,191
Operating Expenses	2,321,263	2,819,551	2,899,808	3,494,790	3,523,286
Equipment & Intangible Assets	0	43,743	43,743	43,743	43,743
Local Assistance	989,300	2,058,090	2,058,090	3,058,090	3,058,090
Grants	2,343,578	2,342,239	2,190,249	2,890,249	3,640,249
Benefits & Claims	0	400,000	400,000	400,000	400,000
Transfers	18,010	18,010	0	0	0
Debt Service	236,280	236,279	238,781	238,781	238,781
Total Expenditures	\$8,414,313	\$10,518,045	\$10,584,082	\$12,905,219	\$13,701,340
General Fund	1,468,850	1,781,124	1,826,376	1,970,929	1,992,755
State/Other Special Rev. Funds	6,637,172	8,428,635	8,449,420	10,626,004	11,400,299
Federal Spec. Rev. Funds	308,291	308,286	308,286	308,286	308,286
Total Funds	\$8,414,313	\$10,518,045	\$10,584,082	\$12,905,219	\$13,701,340
Total Ongoing	\$8,364,313	\$10,468,045	\$10,534,082	\$11,878,218	\$11,924,339
Total OTO	\$50,000	\$50,000	\$50,000	\$1,027,001	\$1,777,001

57060 - Department of Natural Resources and Conservation 23-Conservation/resource Dev Div

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Natural Resources and Conservation, 23-Conservation/resource Dev Div Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	3,963,684	0	0	3,963,684	13.87 %	
02015 MT Coal Endowment Reg Wtr Sys	2,473,087	0	0	2,473,087	10.31 %	
02052 Rangeland Improvement Loans	162,412	0	0	162,412	0.68 %	
02316 SRF Bonds State Administration	66,680	0	0	66,680	0.28 %	
02432 Oil & Gas ERA	1,547,478	0	0	1,547,478	6.45 %	
02433 Grazing District Fees	48,768	0	0	48,768	0.20 %	
02490 Drinking Water Investment	800,000	0	0	800,000	3.33 %	
02576 Natural Resources Operations	1,070,067	0	0	1,070,067	4.46 %	
02694 Coal Bed Methane Protection	100,000	0	0	100,000	0.42 %	
02971 RDB PROCEEDS	5,892,110	0	0	5,892,110	24.55 %	
02318 Sage Grouse Stewardship	0	0	1,969,310	1,969,310	8.21 %	
02048 Conservation District Acct	8,524,151	0	0	8,524,151	35.52 %	
02284 Aquatic Invasive Species	1,341,550	0	0	1,341,550	5.59 %	
State Special Total	\$22,026,303	\$0	\$1,969,310	\$23,995,613	83.97 %	
03586 DW23 SRF Grant	170,474	0	0	170,474	27.65 %	
03595 DW24 SRF Grant	170,474	0	0	170,474	27.65 %	
03010 WPC23 SRF Grant	137,812	0	0	137,812	22.35 %	
03013 WPC24 SRF Grant	137,812	0	0	137,812	22.35 %	
Federal Special Total	\$616,572	\$0	\$0	\$616,572	2.16 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$26,606,559	\$0	\$1,969,310	\$28,575,869		

The Conservation Resource and Development Division is funded primarily with state special revenue. State special revenue is used to fund the Conservation Districts Bureau, Resources Development Bureau, and sage grouse conservation programs. Sources of revenue include interest and earnings from the resource indemnity trust, resource indemnity tax distributions, bond proceeds, fees assessed on hydroelectric facilities, and production taxes on oil and gas. Statutory appropriations for sage grouse habitat are funded by mitigation fees from land developers and donations.

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	1,826,376	1,826,376	3,652,752	92.16 %	10,534,082	10,534,082	21,068,164	79.18 %
SWPL Adjustments	13,535	41,807	55,342	1.40 %	244,703	302,494	547,197	2.06 %
PL Adjustments	(491)	(518)	(1,009)	(0.03)%	999,955	999,868	1,999,823	7.52 %
New Proposals	131,509	125,090	256,599	6.47 %	1,126,479	1,864,896	2,991,375	11.24 %
Total Budget	\$1,970,929	\$1,992,755	\$3,963,684		\$12,905,219	\$13,701,340	\$26,606,559	

57060 - Department of Natural Resources and Conservation 23-Conservation/resource Dev Div

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(80,850)	136,263	0	55,413	0.00	(74,734)	147,958	0	73,224
DP 2 - Fixed Costs	0.00	15,459	24,622	0	40,081	0.00	15,126	24,464	0	39,590
DP 3 - Inflation Deflation	0.00	78,926	70,283	0	149,209	0.00	101,415	88,265	0	189,680
DP 20 - SABHRS Rate Adjustment	0.00	(491)	446	0	(45)	0.00	(518)	386	0	(132)
DP 222 - RMTD Adjustment	0.00	5,755	9,167	0	14,922	0.00	5,701	9,221	0	14,922
DP 223 - RMTD Adjustment (OTO)	0.00	(5,755)	(9,167)	0	(14,922)	0.00	(5,701)	(9,221)	0	(14,922)
DP 2305 - CARDD Reinst SSR Base Loan Approp & Fed Fund Re-Align	0.00	0	1,000,000	0	1,000,000	0.00	0	1,000,000	0	1,000,000
Grand Total All Present Law Adjustments	0.00	\$13,044	\$1,231,614	\$0	\$1,244,658	0.00	\$41,289	\$1,261,073	\$0	\$1,302,362

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state state motor pool and motor pool leased vehicles, and repair and maintenance.

57060 - Department of Natural Resources and Conservation 23-Conservation/resource Dev Div

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 2305 - CARDD Reinst SSR Base Loan Approp & Fed Fund Re-Align -

The legislature approved an increase in state special revenue authority for grant and loan programs for water and wastewater infrastructure.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	(21,786)	(19,400)	0	(41,186)	0.00	(28,114)	(24,469)	0	(52,583)
DP 555 - Additional Vacancy Savings	0.00	(14,205)	(15,053)	0	(29,258)	0.00	(14,296)	(15,148)	0	(29,444)
DP 2301 - CARDD Rangeland Resource Internship Program	0.00	12,500	12,500	0	25,000	0.00	12,500	12,500	0	25,000
DP 2302 - CARDD Montana Invasive Species Support	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 2303 - CARDD Infrastructure (RST/OTO)	0.00	75,000	75,000	0	150,000	0.00	75,000	75,000	0	150,000
DP 2310 - Conservation District Augment (OTO)	0.00	0	750,000	0	750,000	0.00	0	1,500,000	0	1,500,000
DP 2320 - Regional Water Authority Administration (OTO)	0.00	0	141,923	0	141,923	0.00	0	141,923	0	141,923
DP 2330 - Grass Commission Augment	0.00	80,000	0	0	80,000	0.00	80,000	0	0	80,000
Total	0.00	\$131,509	\$994,970	\$0	\$1,126,479	0.00	\$125,090	\$1,739,806	\$0	\$1,864,896

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

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 2301 - CARDD Rangeland Resource Internship Program -

The legislature approved funding for the Rangeland Resource internship program. The internship program will supplement the education of students studying agriculture, rangeland management, biologists, soils studies, and other natural resource studies.

57060 - Department of Natural Resources and Conservation 23-Conservation/resource Dev Div

DP 2302 - CARDD Montana Invasive Species Support -

The legislature approved funding for the Montana Invasive Species Council (MISC) and support positions to assist the program with increasing demand. This decision package is funded with state special revenue from taxes on the production of metal mines, oil, and gas.

DP 2303 - CARDD Infrastructure (RST/OTO) -

The legislature approved one-time-only funding for the anticipated increased workload that will occur with the Buy American Build American (BABA) and the American Rescue Plan Act (ARPA) federal programs. This will be funded with general fund and state special revenue. DNRC will establish modified FTE to support this work.

DP 2310 - Conservation District Augment (OTO) -

The legislature approved a one-time-only appropriation of state special revenue to support the operations of conservation districts.

DP 2320 - Regional Water Authority Administration (OTO) -

The legislature approved a one-time-only appropriation of state special revenue to support the administration of the expansion of regional water systems.

DP 2330 - Grass Commission Augment -

The legislature approved an increase in base funding for the Montana Grass Commission. The funding is sufficient to increase the base funding for the commission to \$135,000 per fiscal year.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	23,253,525	23,846,736	593,211	2.55 %
Operating Expenses	14,649,440	21,788,491	7,139,051	48.73 %
Equipment & Intangible Assets	365,698	316,998	(48,700)	(13.32)%
Transfers	83,182	83,182	0	0.00 %
Debt Service	1,924,700	1,778,226	(146,474)	(7.61)%
Total Expenditures	\$40,276,545	\$47,813,633	\$7,537,088	18.71 %
General Fund	22,817,265	29,006,006	6,188,741	27.12 %
State/Other Special Rev. Funds	16,903,370	18,232,627	1,329,257	7.86 %
Federal Spec. Rev. Funds	555,910	575,000	19,090	3.43 %
Total Funds	\$40,276,545	\$47,813,633	\$7,537,088	18.71 %
Total Ongoing	\$40,177,845	\$44,810,570	\$4,632,725	11.53 %
Total OTO	\$98,700	\$3,003,063	\$2,904,363	2,942.62 %

Program Description

The Water Resources Division is responsible for programs associated with the uses, development, and protection of Montana's water.

The division consists of five bureaus:

- Water Administration Bureau
- Water Management Bureau
- Water Rights Bureau
- State Water Projects Bureau
- Water Operations Bureau

Responsibilities of the division include:

- Manage and maintain the state-owned dams, reservoirs, and canals
- Develop and recommend in-state, interstate, and international water policy to the director, Governor, and legislature
- Administer the Dam Safety, Floodplain Management, and Water Management programs
- Conduct coordinated water resource planning, hydrologic assessments, and water measurement
- Implement federal and tribal water compacts
- Provide support to the Board of Water Well Contractors
- Assist the Water Court with the adjudication of pre-July 1, 1973, water rights
- Administer applications for new water rights, changes in historic water rights, and ownership updates
- Maintain centralized water rights records

Program Highlights

Water Resources Division Major Budget Highlights
<p>The legislature approved an 18.7% or \$7.5 million increase in total appropriations when compared to the 2023 Biennium, including:</p> <p>Ongoing increase of \$3.8 million, for:</p> <ul style="list-style-type: none"> • Present law adjustments for personal services, inflation, and fixed costs - \$1.1 million • Water rights administration and IT projects - \$1.0 million • Water rights administration backlog - \$864,000 • Broadwater Dam and irrigation projects operations - \$444,300 • State dam safety and flood plain mapping - \$434,150 <p>One-time-only authority of \$3.2 million for:</p> <ul style="list-style-type: none"> • Montana stream gage network - \$1.5 million • Willow Creek Dam Rehabilitation - \$1.0 million • Update water consumption monitoring technology - \$472,000 • Irrigation and dam infrastructure - \$262,000

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	136.26	136.26	136.26	136.26
Personal Services	11,303,290	11,484,774	11,768,751	11,888,628	11,958,108
Operating Expenses	5,323,352	7,084,812	7,564,628	11,039,073	10,749,418
Equipment & Intangible Assets	323,338	232,199	133,499	183,499	133,499
Transfers	16,702	41,591	41,591	41,591	41,591
Debt Service	818,495	1,035,587	889,113	889,113	889,113
Total Expenditures	\$17,785,177	\$19,878,963	\$20,397,582	\$24,041,904	\$23,771,729
General Fund	11,025,706	11,118,968	11,698,297	14,685,392	14,320,614
State/Other Special Rev. Funds	6,519,994	8,482,631	8,420,739	9,070,167	9,162,460
Federal Spec. Rev. Funds	239,477	277,364	278,546	286,345	288,655
Total Funds	\$17,785,177	\$19,878,963	\$20,397,582	\$24,041,904	\$23,771,729
Total Ongoing	\$17,686,477	\$19,780,263	\$20,397,582	\$22,374,300	\$22,436,270
Total OTO	\$98,700	\$98,700	\$0	\$1,667,604	\$1,335,459

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Natural Resources and Conservation, 24-Water Resources Division Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	29,006,006	0	0	29,006,006	60.66 %	
02145 Broadwater O & M	1,855,437	0	0	1,855,437	10.18 %	
02216 Water Storage St Sp Rev Acct	1,614,116	0	0	1,614,116	8.85 %	
02351 Water Project Lands Lease Acct	127,763	0	0	127,763	0.70 %	
02404 Water Project Loans	616,956	0	0	616,956	3.38 %	
02430 Water Right Appropriation	1,560,144	0	0	1,560,144	8.56 %	
02431 Water Adjudication	5,042,534	0	0	5,042,534	27.66 %	
02470 State Project Hydro Earnings	6,916,097	0	0	6,916,097	37.93 %	
02576 Natural Resources Operations	262,500	0	0	262,500	1.44 %	
02825 Water Well Contractors	237,080	0	0	237,080	1.30 %	
State Special Total	\$18,232,627	\$0	\$0	\$18,232,627	38.13 %	
03034 Yellowstone Groundwater NPS	42,580	0	0	42,580	7.41 %	
03094 FEMA Federal Grants	532,420	0	0	532,420	92.59 %	
Federal Special Total	\$575,000	\$0	\$0	\$575,000	1.20 %	
Proprietary Total	\$0	\$0	\$0	\$0	0.00 %	
Total All Funds	\$47,813,633	\$0	\$0	\$47,813,633		

The Water Resources Division is predominantly funded with general fund and state special revenue. State special revenue is primarily generated from the sale of electricity at the state-owned Toston Dam in Broadwater County. Other revenues are generated from water rights filing fees, water adjudication fees, and transfers from the general fund. The division also receives revenue from taxes on metal mines, oil, and gas production.

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	11,698,297	11,698,297	23,396,594	80.66 %	20,397,582	20,397,582	40,795,164	85.32 %
SWPL Adjustments	273,279	364,386	637,665	2.20 %	705,138	889,420	1,594,558	3.33 %
PL Adjustments	679,291	657,851	1,337,142	4.61 %	995,084	998,731	1,993,815	4.17 %
New Proposals	2,034,525	1,600,080	3,634,605	12.53 %	1,944,100	1,485,996	3,430,096	7.17 %
Total Budget	\$14,685,392	\$14,320,614	\$29,006,006		\$24,041,904	\$23,771,729	\$47,813,633	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	78,688	157,175	1,933	237,796	0.00	131,049	174,713	2,245	308,007
DP 2 - Fixed Costs	0.00	44,826	21,596	0	66,422	0.00	43,964	21,182	0	65,146
DP 3 - Inflation Deflation	0.00	149,765	242,472	8,683	400,920	0.00	189,373	315,382	11,512	516,267
DP 20 - SABHRS Rate Adjustment	0.00	976	470	0	1,446	0.00	711	343	0	1,054
DP 30 - Motor Pool Rate Adjustment	0.00	(3,760)	(2,755)	(272)	(6,787)	0.00	(3,535)	(2,555)	(258)	(6,348)
DP 222 - RMTD Adjustment	0.00	64,783	31,211	0	95,994	0.00	64,782	31,212	0	95,994
DP 223 - RMTD Adjustment (OTO)	0.00	(64,783)	(31,211)	0	(95,994)	0.00	(64,782)	(31,212)	0	(95,994)
DP 2402 - WRD Reduce Backlog Process & Meet New Needs	0.00	388,800	43,200	0	432,000	0.00	388,800	43,200	0	432,000
DP 2404 - WRD Broadwater Dam Essential Operating	0.00	0	200,000	0	200,000	0.00	0	230,000	0	230,000
DP 2405 - WRD Safety and Reliability of State Projects (OTO)	0.00	68,000	68,000	0	136,000	0.00	63,000	63,000	0	126,000
DP 2406 - WRD Crucial Dam Safety Technical Support Services	0.00	20,000	0	0	20,000	0.00	20,000	0	0	20,000
DP 2408 - WRD Flood Risk Credibility&Safety of High Haz Dams	0.00	205,275	0	0	205,275	0.00	188,875	0	0	188,875
DP 2410 - WRD Overtime & Per Diem	0.00	0	7,150	0	7,150	0.00	0	7,150	0	7,150
Grand Total All Present Law Adjustments	0.00	\$952,570	\$737,308	\$10,344	\$1,700,222	0.00	\$1,022,237	\$852,415	\$13,499	\$1,888,151

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 2402 - WRD Reduce Backlog Process & Meet New Needs -

The legislature approved funding to support water rights applications.

DP 2404 - WRD Broadwater Dam Essential Operating -

The legislature approved an additional appropriation from the Broadwater Operation and Maintenance state special revenue account for the operation and maintenance of the Broadwater/Toston Dam. The revenue for the fund is collected from the sale of hydro-electric power generated from the dam.

DP 2405 - WRD Safety and Reliability of State Projects (OTO) -

The legislature approved a one-time-only increase in general fund and state special revenue to support a modified FTE to work on projects related to irrigation and dam infrastructure. State special revenue is generated from the sale of hydro-electric power generated from the Broadwater/Toston Dam.

DP 2406 - WRD Crucial Dam Safety Technical Support Services -

The legislature approved increased authority for the DNRC Water Operations Bureau's Dam Safety program. The general fund appropriation would be used to contract expert engineering assistance to provide technical guidance to the Dam Safety program. The Dam Safety program frequently encounters complex dam engineering problems that require expert counsel to ensure that the program makes fair and sound regulatory decisions that adequately protect the downstream public.

DP 2408 - WRD Flood Risk Credibility&Safety of High Haz Dams -

The legislature approved an increase in general fund for the Water Operation Bureau. The funding would support professional engineers in the Dam Safety and the Floodplain Mapping Programs.

DP 2410 - WRD Overtime & Per Diem -

The legislature approved increased authority in overtime for the Broadwater/Toston Dam staff and increased authority for the Board of Water Well for board per diem to attend meetings.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	(43,888)	(71,055)	(2,545)	(117,488)	0.00	(55,761)	(92,864)	(3,390)	(152,015)
DP 555 - Additional Vacancy Savings	0.00	(93,638)	(31,431)	0	(125,069)	0.00	(94,184)	(31,616)	0	(125,800)
DP 2401 - WRD Water Rights Database & Query System O&M (HB 10)	0.00	131,453	14,606	0	146,059	0.00	124,072	13,786	0	137,858
DP 2403 - WRD Montana Stream Gage Network Support (OTO)	0.00	831,598	0	0	831,598	0.00	629,453	0	0	629,453
DP 2407 - WRD Flathead Reserved Water Rights Administration	0.00	413,000	0	0	413,000	0.00	320,500	0	0	320,500
DP 2409 - WRD Willow Creek Rehab (RST/OTO)	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 2411 - Open ET (OTO)	0.00	296,000	0	0	296,000	0.00	176,000	0	0	176,000
DP 2420 - CSKT-Montana Compact Implementation (RST)	0.00	0	0	0	0	0.00	0	0	0	0
Total	0.00	\$2,034,525	(\$87,880)	(\$2,545)	\$1,944,100	0.00	\$1,600,080	(\$110,694)	(\$3,390)	\$1,485,996

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

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 2401 - WRD Water Rights Database & Query System O&M (HB 10) -

The legislature approved an increase of general fund and state special revenue for enhancements to the Water Rights Information System. State special revenue is generated from water rights filing fees.

DP 2403 - WRD Montana Stream Gage Network Support (OTO) -

The legislature approved an increase in general fund to support a network of 100 state-operated, year-round stream gages to gather and distribute real-time streamflow information on smaller streams and tributaries not monitored through the United States Geological Survey (USGS) program.

DP 2407 - WRD Flathead Reserved Water Rights Administration -

The legislature approved an increase in general fund to support personal service and operating expense to implement the Confederated Salish and Kootenai Tribes water compact.

DP 2409 - WRD Willow Creek Rehab (RST/OTO) -

The legislature approved a one-time-only appropriation of general fund for the planning & design of the Willow Creek Dam rehabilitation. Scope of work will include final design, cost estimating, preparing final construction documents, final permitting, and advertising for bids.

DP 2411 - Open ET (OTO) -

The legislature approved a one-time-only increase in general fund for a new water consumption monitoring program. The new system would replace the current system with a satellite-based data collection system.

DP 2420 - CSKT-Montana Compact Implementation (RST) -

The legislature restricted \$100,000 of general fund in each year of the biennium to implement the Montana Environmental Policy Act (MEPA) (75-1-102, MCA), National Environmental Protection Act (NEPA)(42 U.S.C. §§ 4321 et seq.), and the protection and administration of state-based water rights.

Program Budget Comparison

The following table compares the 2023 biennium appropriated budget and the adopted budget for the 2025 biennium by type of expenditure and source of funding.

Program Budget Comparison				
Budget Item	Appropriated Budget 22-23	Legislative Budget 24-25	Biennium Change	Biennium % Change
Personal Services	45,675,054	47,737,256	2,062,202	4.51 %
Operating Expenses	17,024,178	20,753,101	3,728,923	21.90 %
Equipment & Intangible Assets	2,262,440	2,113,440	(149,000)	(6.59)%
Grants	694,930	694,930	0	0.00 %
Transfers	3,364,304	3,364,304	0	0.00 %
Debt Service	1,256,283	1,266,504	10,221	0.81 %
Total Expenditures	\$70,277,189	\$75,929,535	\$5,652,346	8.04 %
General Fund	28,323,835	30,999,805	2,675,970	9.45 %
State/Other Special Rev. Funds	39,201,844	42,130,866	2,929,022	7.47 %
Federal Spec. Rev. Funds	2,751,510	2,798,864	47,354	1.72 %
Total Funds	\$70,277,189	\$75,929,535	\$5,652,346	8.04 %
Total Ongoing	\$70,277,189	\$76,499,243	\$6,222,054	8.85 %
Total OTO	\$0	(\$569,708)	(\$569,708)	100.00 %

Program Description

The Forestry Division is responsible for planning and implementing forestry programs statewide. Division responsibilities include protecting natural resources from wildfire, regulating forest practices, providing a variety of services to private forest landowners, implementing cross boundary projects to build resilient forests, sustainable economies and fire adapted communities, increasing forest restoration, management and health on federal lands and growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

- Fire Protection Program: Protects lives, property and natural resources from wildfire by providing safe and effective services to Montana’s citizens as well as leadership, coordination and resources to the State’s wildfire organizations. To the extent possible, the bureau embraces effective wildfire response, fire adapted communities, and resilient landscapes.
- Forestry Assistance Program: Promotes the implementation of the Montana Forest Action Plan: working across boundaries building resilient forests, sustainable economies and fire-adapted communities. This program also connects landowners with technical guidance and cost-share programs to actively manage forests, provides seedlings for conservation projects statewide, and is responsible for ensuring compliance with the Streamside Management Zone Law, Timber Slash and Debris Law, and the Forest Practice Notification Law on non-federal lands.
- Good Neighbor Authority Program: This program is organized around the existing federal Good Neighbor Authority to increase forest restoration and management, and address forest health and resiliency, wildfire risk, and insect and disease infected forests through active management. This is accomplished through partnerships with federal land management agencies, conservation organizations and collaboratives. In addition to improving forest health and reducing wildfire risk, these efforts provide a consistent commercial timber volume, retain forest industry jobs, and improve wildlife habit and recreation opportunities on federal lands.
- Shared Stewardship Program: This program engages with a diverse group of partners to respond to the United States Forest Service Shared Stewardship Strategy, which calls for the state to take a lead role in convening stakeholders to set priorities across broad forested landscapes.

The Trust Lands Management Division administers and manages the state trust timber, surface and mineral resources for the benefit of the Common Schools (K-12), and other endowed institutions under the direction of the Board of Land Commissioners. Most state trust lands were granted to the State of Montana by the Enabling Act of 1889 and total approximately 5.2 million surface acres and 6.2 million mineral acres. Additionally, the division is responsible for the administration of approximately 3,400 miles (210,000+ acres) of the beds of navigable waterways. The Trust Land Management Division is divided into four primary programs and the Recreational Use and Public Access program:

- Forest Management: Responsible for the preparation, sale, and administration of 60 million board feet of timber through timber sales and permits. Forest Management also performs over \$1.0 million per year in forest improvement work, such as planting, thinning, and road maintenance activities on over 780,000 acres of classified forest land.
- Real Estate Management: Responsible for commercial and residential land leases, rights-of-way grants and acquisitions, land sales, land acquisitions, and land exchanges.
- Minerals Management: Responsible for oil and gas, coal, and other mineral leasing activities.
- Agriculture and Grazing Management: Responsible for overseeing agricultural and grazing activities on 4.7 million acres. There are approximately 8,900 agreements to lease land for grazing and crop production.
- Recreational Use and Public Access: Responsible for implementing statute and rule related to public use of, and access to, state trust land. The program also oversees commercial and concentrated recreational licenses.

Program Highlights

Forestry and Trust Lands Division Major Budget Highlights
<p>The legislature approved an 8.0% or \$5.7 million increase in total appropriations when compared to the 2023 Biennium, including:</p> <ul style="list-style-type: none"> • Present law adjustments for personal services, inflation, and fixed costs - \$2.2 million • Fire Protection Program operations - \$1.3 million • Trust Lands Management Division data analytics - \$460,412 • Operation and maintenance - \$446,020 • Trust Lands Management system operation and maintenance - \$400,000 • Forestry Division Communications Coordinator - \$197,258

Program Actuals and Budget Comparison

The following table compares FY 2022 actual expenditures, FY 2022 and FY 2023 appropriations, and the adopted budget for FY 2024 and FY 2025 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2022	Approp. Fiscal 2022	Approp. Fiscal 2023	Legislative Fiscal 2024	Legislative Fiscal 2025
FTE	0.00	292.93	292.93	292.93	292.93
Personal Services	20,772,953	22,472,925	23,202,129	23,803,629	23,933,627
Operating Expenses	8,563,024	8,478,410	8,545,768	10,224,579	10,528,522
Equipment & Intangible Assets	1,263,863	1,205,720	1,056,720	1,056,720	1,056,720
Grants	304,443	347,465	347,465	347,465	347,465
Transfers	1,655,877	1,682,152	1,682,152	1,682,152	1,682,152
Debt Service	625,755	623,031	633,252	633,252	633,252
Total Expenditures	\$33,185,915	\$34,809,703	\$35,467,486	\$37,747,797	\$38,181,738
General Fund	13,355,007	13,919,772	14,404,063	15,467,282	15,532,523
State/Other Special Rev. Funds	18,466,987	19,514,333	19,687,511	20,881,780	21,249,086
Federal Spec. Rev. Funds	1,363,921	1,375,598	1,375,912	1,398,735	1,400,129
Total Funds	\$33,185,915	\$34,809,703	\$35,467,486	\$37,747,797	\$38,181,738
Total Ongoing	\$33,185,915	\$34,809,703	\$35,467,486	\$38,032,651	\$38,466,592
Total OTO	\$0	\$0	\$0	(\$284,854)	(\$284,854)

Funding

The following table shows proposed agency funding for all sources of authority.

Department of Natural Resources and Conservation, 35-Forestry & Trust Lands Funding by Source of Authority						
Funds	HB2	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	30,999,805	0	0	30,999,805	36.64 %	
02031 LAND BANKING PRVT CLOSNG COSTS	574,205	0	0	574,205	1.36 %	
02039 Fire Protection Assessments	8,167,055	0	0	8,167,055	19.39 %	
02073 Forestry - Slash Disposal	157,582	0	0	157,582	0.37 %	
02449 Forest Resources-Forest Improv	2,889,867	0	0	2,889,867	6.86 %	
02576 Natural Resources Operations	188,190	0	0	188,190	0.45 %	
02681 Historic Right-of-Way Acct	17,235	0	0	17,235	0.04 %	
02912 TLMD Land Exchange Admin	106,180	0	0	106,180	0.25 %	
02938 TLMD Trust Administration	30,030,552	0	0	30,030,552	71.28 %	
State Special Total	\$42,130,866	\$0	\$0	\$42,130,866	49.79 %	
03500 GNA FEDERAL SPECIAL REVENUE	0	0	1,210,966	1,210,966	30.20 %	
03160 NON-CONSOLIDATED GRANT-FY24	332,717	0	0	332,717	8.30 %	
03196 NON-CONSOLIDATED GRANT-FY25	332,447	0	0	332,447	8.29 %	
03164 CONSOLIDATED GRANT-FY24	1,066,018	0	0	1,066,018	26.59 %	
03237 CONSOLIDATED GRANT-FY25	1,067,682	0	0	1,067,682	26.63 %	
Federal Special Total	\$2,798,864	\$0	\$1,210,966	\$4,009,830	4.74 %	
06003 State Nursery Enterprise Fund	0	1,756,547	0	1,756,547	23.51 %	
06538 Air Operations Internal Svc.	0	5,713,745	0	5,713,745	76.49 %	
Proprietary Total	\$0	\$7,470,292	\$0	\$7,470,292	8.83 %	
Total All Funds	\$75,929,535	\$7,470,292	\$1,210,966	\$84,610,793		

General fund provides general division support as well as the fixed costs for the fire protection program. Approximately 49.8% of all funding is from state special revenue. The primary source of state special funding comes from the fire protection taxes fund and the timber sales, forest resources fees, and Trust Lands Management Division (TLMD) administration fund revenue. Statutory appropriations are federal reimbursement for forestry management performed by the state on federal lands. Proprietary revenues are generated from the sale of state nursery products, and fees charged to other agencies for aircraft services.

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 Item	-----General Fund-----				-----Total Funds-----			
	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget	Budget Fiscal 2024	Budget Fiscal 2025	Biennium Fiscal 24-25	Percent of Budget
2023 Base Budget	14,404,063	14,404,063	28,808,126	92.93 %	35,467,486	35,467,486	70,934,972	93.42 %
SWPL Adjustments	642,687	721,407	1,364,094	4.40 %	1,453,712	1,679,496	3,133,208	4.13 %
PL Adjustments	496,708	496,366	993,074	3.20 %	857,455	857,116	1,714,571	2.26 %
New Proposals	(76,176)	(89,313)	(165,489)	(0.53)%	(30,856)	177,640	146,784	0.19 %
Total Budget	\$15,467,282	\$15,532,523	\$30,999,805		\$37,747,797	\$38,181,738	\$75,929,535	

Present Law Adjustments

The "Present Law" Adjustments table shows the changes from the base appropriation to the adopted 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.

	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	487,887	362,770	1,408	852,065	0.00	537,791	442,593	3,047	983,431
DP 2 - Fixed Costs	0.00	(87,663)	89,698	0	2,035	0.00	(88,889)	88,493	0	(396)
DP 3 - Inflation Deflation	0.00	242,463	321,317	35,832	599,612	0.00	272,505	387,913	36,043	696,461
DP 20 - SABHRS Rate Adjustment	0.00	2,016	1,239	0	3,255	0.00	1,525	867	0	2,392
DP 30 - Motor Pool Rate Adjustment	0.00	(1,922)	(5,176)	(244)	(7,342)	0.00	(1,798)	(4,842)	(228)	(6,868)
DP 222 - RMTD Adjustment	0.00	213,641	71,213	0	284,854	0.00	213,641	71,213	0	284,854
DP 223 - RMTD Adjustment (OTO)	0.00	(213,641)	(71,213)	0	(284,854)	0.00	(213,641)	(71,213)	0	(284,854)
DP 350102 - FD Fire Protection Program Operations	0.00	453,250	194,250	0	647,500	0.00	453,250	194,250	0	647,500
DP 350201 - FD/TLMD Operating Increase	0.00	43,364	170,678	0	214,042	0.00	43,389	170,703	0	214,092
Grand Total All Present Law Adjustments	0.00	\$1,139,395	\$1,134,776	\$36,996	\$2,311,167	0.00	\$1,217,773	\$1,279,977	\$38,862	\$2,536,612

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

DP 1 - Personal Services -

The legislature adopted adjustments to the present law personal services budget for expected changes, management decisions and budget modifications.

DP 2 - Fixed Costs -

The legislature approved adjustments to provide the funding required in the proposed budget for fixed costs assessed by other agencies within state government for the services they provide. Examples include: warrant writer, motor pool, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 3 - Inflation Deflation -

The legislature approved adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include: other services, supplies and materials, communications, in-state state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 20 - SABHRS Rate Adjustment -

The legislature adopted an increase to proposed SABHRS rates.

DP 30 - Motor Pool Rate Adjustment -

The legislature adopted a reduction to proposed motor pool rates.

DP 222 - RMTD Adjustment -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package eliminates the reduction included in DP 2. This change is necessary to designate the reduction as one-time-only in the budgeting system.

DP 223 - RMTD Adjustment (OTO) -

The legislature adopted an adjustment to the insurance premiums paid to the Risk Management and Tort Defense Division proprietary fund. This decision package designates the reduction as one-time-only.

DP 350102 - FD Fire Protection Program Operations -

The legislature approved an increase in funding for fire district fire protection programs. These programs support county co-op capacity, dispatch center operations, contracted fire protection services, aviation crew facilities, and other fire program operating needs. In addition to providing initial attack on most fires in the state, these programs provide fire protection, preparedness, and pre-suppression services.

DP 350201 - FD/TLMD Operating Increase -

The legislature approved an inflationary increase for lease, janitorial, equipment, and maintenance expenses.

New Proposals

The "New Proposals" table shows new changes to spending.

New Proposals	-----Fiscal 2024-----					-----Fiscal 2025-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 333 - Adjustment to Inflation	0.00	(78,354)	(103,836)	(11,579)	(193,769)	0.00	(90,972)	(129,500)	(12,033)	(232,505)
DP 555 - Additional Vacancy Savings	0.00	(105,394)	(142,577)	(2,594)	(250,565)	0.00	(105,913)	(143,408)	(2,612)	(251,933)
DP 350101 - FD Forestry Div Communications Coordinator	0.00	98,629	0	0	98,629	0.00	98,629	0	0	98,629
DP 350107 - O&M - Miles City Facility	0.00	8,943	0	0	8,943	0.00	8,943	0	0	8,943
DP 350202 - TLMD Informatics Section FTE	0.00	0	230,906	0	230,906	0.00	0	229,506	0	229,506
DP 350203 - TLMD TLMS APPLICATION O & M	0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
DP 350204 - TLMD TLMS Customer Portal O & M	0.00	0	0	0	0	0.00	0	250,000	0	250,000
Total	0.00	(\$76,176)	\$59,493	(\$14,173)	(\$30,856)	0.00	(\$89,313)	\$281,598	(\$14,645)	\$177,640

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

DP 333 - Adjustment to Inflation -

The legislature adopted an adjustment to inflation included in DP 3.

DP 555 - Additional Vacancy Savings -

The legislature adopted an additional 1.0% vacancy savings.

DP 350101 - FD Forestry Div Communications Coordinator -

The legislature approved a general fund appropriation to coordinate a range of communication efforts directed to a variety of audiences regarding Forestry Division programs, priorities, activities, and accomplishments.

DP 350107 - O&M - Miles City Facility -

The legislature approved a general fund appropriation for operating and maintenance increase for the new Miles City facility, based on a LRBP supplemental project request.

DP 350202 - TLMD Informatics Section FTE -

The legislature approved an increase in state special revenue to support trust land field programs for data-related analytics, timber sale purchasers, recreating public, agriculture, and mineral lessees.

DP 350203 - TLMD TLMS APPLICATION O & M -

The legislature approved an increase in state special revenue to support operations and maintenance of the Trust Land Management System (TLMS). TLMS is used to administer and manage state lands, and the funding will be used to provide ongoing operations and maintenance.

DP 350204 - TLMD TLMS Customer Portal O & M -

The legislature approved an increase in state special revenue to fund operations and maintenance for the Trust Lands Management System (TLMS) customer portal. The public uses the portal to manage their own account information regarding contracts, invoices, payment receipts, and automate standard department work tasks.

Other Issues**Fund 06538 - Air Operations Internal Svc***Program Description*

The Air Operations program in the DNRC Forestry Division operates and maintains a fleet of nine aircraft, consisting of six helicopters and three single-engine fixed-wing aircraft. The aircraft are primarily used for fire detection, support, and suppression of wildfires, as well as reclamation work in the Department of Environmental Quality. The program is funded in part by revenue generated by the aircraft hourly flight rates and, in part, by the general fund and fire protection assessment revenues. Statutory authority for the program is found in 77-5-103, MCA.

Alternate sources of aviation services are available from private contractors, but historically, the costs for these services have been two to three times more than the cost of the state-operated aircraft. Additionally, contracted services are often not available for the extended timeframes currently covered by the state operated aircraft. An aviation program that is integrated with DNRC firefighters and managers and is committed to safe and aggressive fire suppression is the safest and most effective aviation model for the State of Montana.

Revenues and Expenses

Revenues and expenditures are managed through an internal service fund to account for the operational costs of the program. The primary source of revenue is the legislative appropriation for the transfer of general fund and fire protection assessment funds to the proprietary account to cover the fixed costs, which include hangar rent, insurance, and personnel costs (14.23 FTE). These fixed costs must be paid regardless of the number of hours flown. Variable costs that are dependent on the hours flown, such as fuel and maintenance, are recovered through an hourly rate charged to all users of the aircraft. Users of the aircraft include DNRC, other state agencies, local government, and federal agencies. Increased flight rates are proposed below to meet increased costs of fuel and replacement parts.

The cost drivers for the aircraft rates are to recover the actual expenses needed to maintain the aircraft in an air worthy condition and remain mission ready for the purpose of initial attack on wildfires on state, private, and federal ownership; this includes all costs associated with the maintenance and operation of the aircraft. Some factors that contribute to the uncertainty in forecasting future expenses include unforeseen events such as FAA and manufacturer repair and maintenance directives, aircraft incidents resulting in unplanned maintenance, cost fluctuations in fuel and parts, and the length and severity of the fire season. The average length of fire season and routine maintenance of aircraft are used to determine the anticipated future costs. Charges for services do not support any FTE for the aviation section. All FTE are supported by the general fund and fire protection assessment transfers.

The department has limited cooperative agreements to assist federal agencies (U.S. Forest Service, BLM, USFWS, BIA, & NPS) and counties with fire protection. The department also has agreements with other state agencies for non-fire related aircraft rental services. The customers served are comprised primarily of state and private landowners within Montana through initial attack of fires under state direct protection, assistance with fires on county protection, and assistance to federal agencies. Historic and projected trends are dependent on length and severity of the fire seasons. Base year funding by fund type would be comprised primarily from state responsibility and county assistance fires paid by the fire suppression fund (state special revenue) and FEMA and U.S. Forest Service (federal special revenue). Account 62525 is used by customers to record expenses for flight time charges.

Rate(s) and Rate Explanation

The flight rates for the operation of the department aircraft are based on 5,000 hours of aircraft usage. The rate has been determined to maintain the aircraft in its original condition. At the end of 5,000 hours, all parts should have been replaced and a new maintenance/operation cycle started.

	Actual	Approved	Approved
Fee Desc:	FY23	FY24	FY25
Bell UH-1H Helicopter	\$1,650	\$1,860	\$1,860
Bell Jet Ranger	\$515	\$525	\$525
Cessna 180 Series	\$175	\$210	\$210

Changes in Level of Fees and Charges

The legislature approved increases in aircraft flight time rates are shown in the table below. Increases are based on the cost of aircraft parts and fuel prices. For instance, Bell helicopter and Cessna parts have experienced an approximate 20% increase in cost since 2015, when a rate increase last occurred. Fuel prices have also increased considerably in recent years and continue to experience volatility.

Projected Fund Balance, Including Cash Fluctuations

The projected fund balance for the program is anticipated to increase gradually over the next three fiscal years.

Working Capital and Fees Commensurate Analysis

Working capital is estimated to be less than the 60 days of cash required to fund operations by approximately \$138,796 in FY24, and \$134,374 in FY25.

2025 Biennium Report on Internal Service and Enterprise Funds							
Agency # 57060	Agency Name: Department of Natural Resources and Conservation			Program Name: Forestry & Trust Lands			
	Fund	Fund Name					
	06538	Air Operations Internal Svc.					
		Actual FY20	Actual FY21	Actual FY22	Budgeted FY23	Budgeted FY24	Budgeted FY25
Operating Revenues:							
Fee and Charges							
	Fee Revenue A	510,015	1,235,292	1,082,730	1,210,000	1,210,000	1,210,000
	Fee Revenue B	3,811	30,563	7,210	5,000	5,000	5,000
	Fee Revenue C	38,675	32,830	61,950	35,000	35,000	35,000
	Total Operating Revenues	552,501	1,298,685	1,151,890	1,250,000	1,250,000	1,250,000
Expenses:							
	Personal Services	1,461,832	1,527,758	1,564,966	1,410,372	1,401,225	1,405,866
	Other Operating Expenses	868,856	1,275,473	1,086,979	1,372,895	1,487,539	1,501,298
	Total Operating Expenses	2,330,688	2,803,231	2,651,945	2,783,267	2,888,764	2,907,164
	Operating Income (Loss)	(1,778,187)	(1,504,546)	(1,500,055)	(1,533,267)	(1,638,764)	(1,657,164)
Nonoperating Revenues:							
Nonoperating Expenses:							
	Total Nonoperating Revenues (Expenses)	-	-	-	-	-	-
	Income (Loss) Before Contributions and Transfers	(1,778,187)	(1,504,546)	(1,500,055)	(1,533,267)	(1,638,764)	(1,657,164)
	Transfers In	1,664,652	1,664,652	1,638,877	1,664,652	1,664,652	1,664,652
	Change in Net Position	(113,535)	160,106	138,822	131,385	25,888	7,488
	Beginning Net Position - July 1	538,618	425,083	585,189	721,687	853,072	878,960
	Prior Period Adjustments	-	-	(2,324)	-	-	-
	Change in Net Position	(113,535)	160,106	138,822	131,385	25,888	7,488
	Ending Net Position - June 30	425,083	585,189	721,687	853,072	878,960	886,448
Net Position (Fund Balance) Analysis							