

DEPARTMENT
OF
NATURAL RESOURCES
&
CONSERVATION
Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS
AND SENATE FINANCE AND CLAIMS COMMITTEES

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Dept. of Environmental Quality
Dept. of Transportation

Dept. of Livestock
Dept. of Natural Resources & Conservation
Dept. of Agriculture

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Agency Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Agency Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		Percent
	FY 2025	FY 2026	FY 2027	Amount		
PB	553.61	559.61	559.61	6.00		0.5%
General Fund	38,780,567	43,119,653	43,254,305	8,812,824		11.4%
State/Other Special Rev. Funds	53,411,735	55,577,312	55,558,858	4,312,700		4.0%
Federal Spec. Rev. Funds	2,122,933	2,122,933	2,122,933			0.0%
Total Funds	94,315,235	100,819,898	100,936,096	13,125,524		7.0%
Personal Services	52,128,274	53,493,660	53,619,630	2,856,742		2.7%
Operating Expenses	29,243,632	33,749,423	33,780,376	9,042,535		15.5%
Equipment & Intangible Assets	1,436,516	1,678,666	1,586,516	392,150		13.6%
Local Assistance	3,058,090	3,058,090	3,058,090			0.0%
Grants	4,060,714	4,060,714	4,060,714			0.0%
Benefits & Claims	400,000	400,000	400,000			0.0%
Transfers	1,724,243	2,047,326	2,035,064	633,904		18.4%
Debt Service	2,263,766	2,332,019	2,395,706	200,193		4.4%
Total Expenditures	94,315,235	100,819,898	100,936,096	13,125,524		7.0%
Total Ongoing	94,315,235	99,721,847	99,930,196	11,021,573		5.8%
Total One-Time-Only	7,548,376	1,098,051	1,005,900	(12,992,801)		(86.1%)

Agency Highlights

Department of Natural Resources and Conservation Major Budget Highlights
<p>The executive proposes an increase of 7.0% or \$13.1 million above base funding. In addition to statewide present law adjustment of \$4.1 million, the executive proposes:</p> <ul style="list-style-type: none"> • Additional 6.00 PB (Budgeted Positions) in the Director’s Office, Forestry Trust Lands Division, and Water Resources Division: \$1.4 million • One-time-only appropriation for 8.00 temporary positions in the Water Resources and Conservation and Resource Development Divisions: \$1.7 million • Stream gage network: \$1.9 million • Water storage projects: \$1.0 million • Water rights data base: \$800,000 • Trust lands management system maintenance: \$800,000 • Air operations fixed cost transfer: \$633,900 • Forestry Trust Lands Division equipment purchases, one-time-only: \$300,000 • Operation, maintenance, and rent: \$215,900 • Data base for water measurement: \$100,000 • Bridge replacement: \$92,200 • Other proposals: \$81,300

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Department of Natural Resources and Conservation 2027 Biennium Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	38,780,567	53,411,735	2,122,933	94,315,235	93.5%	38,780,567	53,411,735	2,122,933	94,315,235	93.4%
Statewide PL										
Personal Services	291,855	420,466	0	712,321	0.7%	361,298	477,136	0	838,434	0.8%
Fixed Costs	918,716	390,636	0	1,309,352	1.3%	925,798	367,957	0	1,293,755	1.3%
Inflation Deflation	(14,852)	(8,281)	0	(23,133)	(0.0%)	(10,033)	(5,598)	0	(15,631)	(0.0%)
Total Statewide PL	1,195,719	802,821	0	1,998,540	2.0%	1,277,063	839,495	0	2,116,558	2.1%
Present Law (PL)	1,245,391	105,599	0	1,350,990	1.3%	1,301,595	146,420	0	1,448,015	1.4%
New Proposals	1,897,976	1,257,157	0	3,155,133	3.1%	1,895,080	1,161,208	0	3,056,288	3.0%
Total HB 2 Adjustments	4,339,086	2,165,577	0	6,504,663	6.5%	4,473,738	2,147,123	0	6,620,861	6.6%
Total Requested Budget	43,119,653	55,577,312	2,122,933	100,819,898		43,254,305	55,558,858	2,122,933	100,936,096	

Statewide Present Law Adjustment for Personal Services

In order to explain the factors influencing personal services changes, the proposed statewide personal services present law adjustment (DP 1) has been broken down into three categories, as follows:

- Legislatively approved changes – This category includes adjustments explicitly approved by the legislature, such as expected changes to annualize personal services costs included in the FY 2025 statewide pay plan adjustments, changes to benefit rates, increases in pay approved by the legislature, longevity adjustments required by statute, and changes in rates for workers’ compensation and unemployment insurance.
- Management decisions – This category includes agency management decisions that adjust personal services related to changes in pay. This includes changes such as hiring positions budgeted (PB) at a lower rate to replace senior staff and broadband pay adjustments for recruitment and retention.
- Budget modifications – This category includes other modifications to the FY 2025 personal services base budget such as management decisions to transfer personal services funding between programs within an agency or transfers to move personal funding to or from other expenditure category (e.g. moving funding from operating expenses to personal services)

The figure below shows the analysis of the executive budget for personal services for each program.

Department of Natural Resources and Conservation Statewide Present Law Adjustments FY 2026				
<u>Division</u>	<u>Legislative Changes</u>	<u>Management Decisions</u>	<u>Budget Modifications</u>	<u>DP 1 Total</u>
Director's Office	\$132,249	(\$525,771)	\$0	(\$393,522)
Oil and Gas Conservation	14,179	(39,222)	-	(25,043)
Conservation and Resource Development	568,607	(369,496)	(150,000)	49,111
Water Resource Division	475,731	57,897	-	533,628
Forestry and Trust Lands	394,720	153,427	-	548,147
DP 1 - Personal Services	\$1,585,486	(\$723,165)	(\$150,000)	\$712,321

Present Law Adjustments

As proposed by the executive, present law adjustments totaling \$2.8 million would increase general fund by \$2.5 million and state special revenue by \$252,000 above base spending.

The executive proposes increasing general fund and state special revenue by \$800,000 to maintain and develop the Montana water rights data base. The water rights database is a centralized system managed by the department to record and track water rights in the state.

Under the executive proposal the Trust Lands Management System (TLMS) general fund appropriation would increase by \$800,000 to contract for maintenance and upkeep. The TLMS is used to manage trust lands and K-12 revenue distribution.

The executive requests an increase in general fund support for the departments air operations program. The Air Operations program is a firefighting aviation unit that operates helicopters for wildfire suppression and forest management. The current transfer has been about \$3.3 million per biennium over the last three biennia. The executive proposes increasing this amount by 19.0% or \$633,900 per biennium.

The executive budget proposal includes a present law adjustment of \$312,600 for the state's stream gage network. The Montana stream gage system is a network of devices that measure water levels in rivers and streams across the state. The gages provide real-time data on water height, which is used for water management, water rights decision-making, flood warnings, and drought monitoring.

Facilities operations, maintenance, and rent increases total \$215,900. Increases for overtime and per diem total \$36,600.

New Proposals

As proposed by the executive the budget includes \$6.2 million in new proposals, of which \$3.8 million is general fund and \$2.4 million is state special revenue. Of the total, \$2.1 million is proposed as one-time-only.

New proposals include 6.00 PB and at a cost of \$1.4 million. These new positions include hydrologists, planners, engineers, software developers, and real estate professionals.

The executive proposes \$1.6 million in new ongoing general fund support for Montana's stream gage network. This funding would maintain the 76 new stream gages approved by the 2023 legislature's one-time appropriation and enable the installation and maintenance of 24 additional gages. New water storage projects and water measurement data base would receive \$1.1 million under the proposed budget.

The executive proposes a one-time-only increase of \$1.7 million to support 8.00 modified positions. The positions would work on dam safety, water infrastructure projects, and support the grant and loan projects.

Other one-time-only authority totaling \$392,200 is for bridge replacement and other equipment.

Funding

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

Total Department of Natural Resources and Conservation Funding by Source of Authority 2027 Biennium Budget Request						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	85,202,157	1,171,801			86,373,958	39.5%
02938 TLMD Trust Administration	36,889,724	392,150			37,281,874	17.0%
02039 Fire Protection Assessments	10,209,133				10,209,133	4.7%
02048 Conservation District Acct	9,522,706				9,522,706	4.4%
02470 State Project Hydro Earnings	8,466,220				8,466,220	3.9%
02431 Water Adjudication	6,956,224				6,956,224	3.2%
Other State Special Revenue	38,160,013	540,000		2,376,138	41,076,151	18.8%
State Special Revenue Total	110,204,020	932,150	-	2,376,138	113,512,308	51.9%
03500 GNA FEDERAL SPECIAL REVENUE				6,380,883	6,380,883	2.9%
03053 CONSOLIDATED GRANT-FY27	1,096,988				1,096,988	0.5%
03110 CONSOLIDATED GRANT-FY26	1,096,988				1,096,988	0.5%
03094 FEMA Federal Grants	541,978				541,978	0.2%
03595 DW24 SRF Grant	341,018				341,018	0.2%
Other Federal Special Revenue	1,168,894				1,168,894	0.5%
Federal Special Revenue Total	4,245,866	-	-	6,380,883	10,626,749	4.9%
06538 Air Operations Internal Svc.			6,426,478		6,426,478	2.9%
06003 State Nursery Enterprise Fund			1,941,902		1,941,902	0.9%
Proprietary Fund Total	-	-	8,368,380	-	8,368,380	3.8%
Total of All Funds	199,652,043	2,103,951	8,368,380	8,757,021	218,881,395	
Percent of All Sources of Authority	91.2%	1.0%	3.8%	4.0%		

Department of Natural Resources and Conservation is primarily funded with general fund and state special revenue. State special revenue makes up 55.1% of the HB 2 budget and 51.9% of total funding as proposed by the executive. General fund supports 42.8% of HB 2 and 39.5% of total funds. Nonbudgeted proprietary funds are supported with revenue from the state nursery and charges for air operations.

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, over the last five biennium interest received from the indemnity trust has averaged about \$340,200 per biennium.

The fund is used 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 \$212,000 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 \$23,800 per fiscal year. Over the last ten years, the ending fund balance has grown at a rate of about 21.3% per year. The ending fund balance in FY 2024 was \$174,400.

The wildfire suppression state special revenue fund (76-13-150, 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 transfer capped at 6.0% of the general revenue appropriations in the second year of each biennium. General fund transfers occur only if general fund ending balance exceeds general revenue appropriations in the second year of the biennium by 8.3%. Historically, the 10-year inflation adjusted average for state wildfire costs was \$30.0 million. Up to \$30.0 million per biennium 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 (87-5-906, MCA) 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.

Agency Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Agency Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	553.61	553.61	559.61	559.61
Personal Services	49,519,680	49,987,524	52,852,274	53,493,660	53,619,630
Operating Expenses	22,628,333	29,389,295	33,018,008	33,749,423	33,780,376
Equipment & Intangible Assets	1,624,705	1,867,716	1,486,516	1,678,666	1,586,516
Local Assistance	2,236,125	3,058,090	3,058,090	3,058,090	3,058,090
Grants	3,178,507	4,791,884	7,060,714	4,060,714	4,060,714
Benefits & Claims	275,300	675,300	400,000	400,000	400,000
Transfers	1,698,436	1,747,173	1,724,243	2,047,326	2,035,064
Debt Service	2,036,691	2,263,766	2,263,766	2,332,019	2,395,706
Total Expenditures	\$83,197,777	\$93,780,748	\$101,863,611	\$100,819,898	\$100,936,096
General Fund	37,866,186	39,027,921	40,349,020	43,119,653	43,254,305
State/Other Special Rev. Funds	43,617,990	52,646,498	59,391,658	55,577,312	55,558,858
Federal Spec. Rev. Funds	1,713,601	2,106,329	2,122,933	2,122,933	2,122,933
Total Funds	\$83,197,777	\$93,780,748	\$101,863,611	\$100,819,898	\$100,936,096
Total Ongoing	\$80,442,905	\$86,650,227	\$94,315,235	\$99,721,847	\$99,930,196
Total OTO	\$2,754,872	\$7,130,521	\$7,548,376	\$1,098,051	\$1,005,900

Agency Description

The Department of Natural Resources and Conservation manages state trust land, protects natural resources from wildfire, promotes stewardship of water, soil, forest, and rangeland resources, assists conservation districts, provides conservation education, and supports the Board of Oil and Gas Conservation and other commissions and advisory councils. The department has 553.61 PB (Positions Budgeted) in five divisions:

- Centralized Services Division (61.75 PB)
- Oil and Gas Conservation Division (19.50 PB)
- Conservation and Resources Development Division (30.17 PB)
- Water Resource Division (149.26 PB)
- Forestry and Trust Land Division (292.93 PB)

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Department of Natural Resources and Conservation (DNRC) utilized 88.7% of its \$93.8 million modified HB 2 budget for fiscal year 2024.

Personal services expenditures reached 99.1% of the \$50.0 million budgeted for personal services.

Combined, the agency expended \$7.0 million or 72.4% of its FY 2024 authority on equipment, local assistance, and grants. Equipment purchases in FY 2024 focused primarily on stream gages, good neighbor authority initiatives, and fire suppression equipment. Local assistance funds were directed towards rangeland improvement loans and conservation programs targeting non-point-source pollution. The agency expended \$3.2 million in grants for conservation districts and county fire cooperative programs.

The \$10.6 million in unexpended authority is summarized below:

- Operating Expenses: \$6.8 million
- Grants: \$1.6 million
- Personal Services: \$467,800
- Local Assistance: \$822,000
- Benefits & Claims: \$400,000
- Equipment and Intangible Assets: \$240,000
- Debt Service: \$227,100
- Transfers: \$47,700

Unexpended operating expenditures were primarily budgeted for trust lands management, water, irrigation, and dam safety projects. Unexpended local assistance was budgeted for range land improvement loans and loans to mitigate non-point source groundwater pollution. For benefits and claims, the agency has authority totaling \$400,000 for drinking water loan forgiveness. The agency can fund this program from federal sources outside of HB 2 and, as a result, has not expended against this authority for several biennia. The agency expended 90.0% or \$2.3 million of its budgeted authority to service debt.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Total appropriations increased by 8.6% or \$8.1 million between FY 2024 and FY 2025. The largest increase was for operating expenditures, which totaled \$3.6 million. Increases in authority for operations were primarily due to water projects, contract harvest activities, the director's office, trust lands administration, and Broadwater Hydropower Plant repair and maintenance. Personal services saw a rise of 5.7% or \$2.9 million. Additionally, grants for conservation districts increased by \$2.3 million in FY 2025 compared to FY 2024. However, authority for IT projects and audits experienced a decrease of \$200,000 in FY 2025 compared to FY 2024.

Comparison of FY 2025 Legislative Budget to FY 2025 Base

The figure below illustrates the beginning FY 2025 budget as adopted by the 2023 Legislature compared to the FY 2025 base budget, which includes modifications as approved by the approving authority (as authorized in statute) during the interim. The FY 2025 base budget was agreed upon by the executive and legislative branches to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Department of Natural Resources and Conservation				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
Program	Legislative Budget	Executive Modifications	Base Budget	Percent Change
<u>Directors Office</u>				
Personal Services	\$6,579,447	600,000	\$7,179,447	9.1%
Operating Expenses	\$3,287,344	(600,000)	\$2,687,344	
Equipment & Intangible Assets	62,554	-	62,554	0.0%
Transfers	500	-	500	0.0%
Debt Service	484,129	-	484,129	0.0%
Total	10,413,974	-	10,413,974	0.0%
<u>Oil & Gas Conservation Div</u>				
Personal Services	1,812,418	-	1,812,418	0.0%
Operating Expenses	549,728	-	549,728	0.0%
Equipment & Intangible Assets	90,000	-	90,000	0.0%
Debt Service	18,491	-	18,491	0.0%
Total	2,470,637	-	2,470,637	0.0%
<u>Conservation & Resource Dev Div</u>				
Personal Services	3,026,128	-	3,026,128	0.0%
Operating Expenses	3,299,728	-	3,299,728	0.0%
Equipment & Intangible Assets	43,743	-	43,743	0.0%
Local Assistance	3,058,090	-	3,058,090	0.0%
Grants	3,640,249	-	3,640,249	0.0%
Benefits & Claims	400,000	-	400,000	0.0%
Debt Service	238,781	-	238,781	0.0%
Total	13,706,719	-	13,706,719	0.0%
<u>Water Resources Division</u>				
Personal Services	14,018,184	-	14,018,184	0.0%
Operating Expenses	10,994,300	-	10,994,300	0.0%
Equipment & Intangible Assets	183,499	-	183,499	0.0%
Transfers	41,591	-	41,591	0.0%
Debt Service	889,113	-	889,113	-
Total	26,126,687	-	26,126,687	0.0%
<u>Forestry & Trust Lands</u>				
Personal Services	26,092,096	-	26,092,096	0.0%
Operating Expenses	11,785,532	(73,000)	11,712,532	-0.6%
Equipment & Intangible Assets	1,056,720	-	1,056,720	0.0%
Grants	347,465	73,000	420,465	21.0%
Transfers	1,682,152	-	1,682,152	0.0%
Debt Service	633,252	-	633,252	0.0%
Total	41,597,217	-	41,597,217	0.0%
Agency Total	94,315,234	-	94,315,234	0.0%

The department moved \$673,000 in authority for operation expenditures to personal services and grants to match authority with agency needs.

HB 2 Language -

During the 2027 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 EPA 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 2027 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 of Natural Resources and Conservation for the purchase of prior liens on property held as loan security as provided in 85-1-615."

57060 - Department Of Natural Resources And Conservation 21-Centralized Services Division

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison						
Budget Item	Base Budget	Requested Budget		Biennium Change from Base		
	FY 2025	FY 2026	FY 2027	Amount	Percent	
PB	61.75	63.75	63.75	2.00	1.6%	
General Fund	5,444,907	6,305,576	6,288,576	1,704,338	15.7%	
State/Other Special Rev. Funds	4,969,068	5,321,161	5,315,123	698,148	7.0%	
Total Funds	10,413,975	11,626,737	11,603,699	2,402,486	11.5%	
Personal Services	7,179,448	7,049,620	7,067,024	(242,252)	(1.7%)	
Operating Expenses	2,687,344	4,029,934	3,957,327	2,612,573	48.6%	
Equipment & Intangible Assets	62,554	62,554	62,554		0.0%	
Transfers	500	500	500		0.0%	
Debt Service	484,129	484,129	516,294	32,165	3.3%	
Total Expenditures	10,413,975	11,626,737	11,603,699	2,402,486	11.5%	
Total Ongoing	10,413,975	11,626,737	11,603,699	2,402,486	11.5%	
Total One-Time-Only	900,000			(1,800,000)	(100.0%)	

Program Highlights

Centralized Services Division Major Budget Highlights

The executive proposes an increase of 11.5% or \$2.4 million above base funding. In addition to statewide present law adjustments of \$1.0 million the proposals include:

- Trust lands management system maintenance: \$800,000
- IT development, 2.00 PB (Position Budgeted): \$552,200
- Helena DNRC Headquarters lease increase: \$32,200

57060 - Department Of Natural Resources And Conservation 21-Centralized Services Division

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Centralized Services Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	5,444,907	4,969,068	0	10,413,975	89.6%	5,444,907	4,969,068	0	10,413,975	89.7%
Statewide PL										
Personal Services	(221,617)	(171,905)	0	(393,522)	(3.4%)	(211,734)	(164,241)	0	(375,975)	(3.2%)
Fixed Costs	525,445	402,258	0	927,703	8.0%	483,322	376,737	0	860,059	7.4%
Inflation Deflation	(67)	(46)	0	(113)	(0.0%)	(43)	(33)	0	(76)	(0.0%)
Total Statewide PL	303,761	230,307	0	534,068	4.6%	271,545	212,463	0	484,008	4.2%
Present Law (PL)	400,000	0	0	400,000	3.4%	418,110	14,055	0	432,165	3.7%
New Proposals	156,908	121,786	0	278,694	2.4%	154,014	119,537	0	273,551	2.4%
Total HB 2 Adjustments	860,669	352,093	0	1,212,762	10.4%	843,669	346,055	0	1,189,724	10.3%
Total Requested Budget	6,305,576	5,321,161	0	11,626,737		6,288,576	5,315,123	0	11,603,699	

Funding

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

Department of Natural Resources and Conservation, 21-Centralized Services Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	12,594,152	0	0	0	12,594,152	54.2%	
02039 Fire Protection Assessments	1,039,497	0	0	0	1,039,497	9.8%	
02048 Conservation District Acct	71,028	0	0	0	71,028	0.7%	
02052 Rangeland Improvement Loans	82,089	0	0	0	82,089	0.8%	
02073 Forestry - Slash Disposal	21,765	0	0	0	21,765	0.2%	
02145 Broadwater O & M	113,221	0	0	0	113,221	1.1%	
02223 Wastewater SRF Special Admin	154,526	0	0	0	154,526	1.5%	
02284 Aquatic Invasive Species	59,427	0	0	0	59,427	0.6%	
02429 Weather Modification	2	0	0	0	2	0.0%	
02430 Water Right Appropriation	407,665	0	0	0	407,665	3.8%	
02431 Water Adjudication	1,179,887	0	0	0	1,179,887	11.1%	
02432 Oil & Gas ERA	499,517	0	0	0	499,517	4.7%	
02491 Drinking Water Spec Admin Cost	153,975	0	0	0	153,975	1.4%	
02492 DO INDIRECTS	2,634,836	0	0	0	2,634,836	24.8%	
02576 Natural Resources Operations	725,863	0	0	0	725,863	6.8%	
02825 Water Well Contractors	30,161	0	0	0	30,161	0.3%	
02938 TLMD Trust Administration	3,462,825	0	0	0	3,462,825	32.6%	
State Special Total	\$10,636,284	\$0	\$0	\$0	\$10,636,284	45.8%	
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$23,230,436	\$0	\$0	\$0	\$23,230,436		

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 administration and various services provided to other programs in the department.

57060 - Department Of Natural Resources And Conservation 21-Centralized Services Division

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	61.75	61.75	63.75	63.75
Personal Services	7,053,460	6,854,799	7,779,448	7,049,620	7,067,024
Operating Expenses	1,972,503	2,608,903	2,987,344	4,029,934	3,957,327
Equipment & Intangible Assets	0	62,554	62,554	62,554	62,554
Transfers	0	500	500	500	500
Debt Service	484,050	484,129	484,129	484,129	516,294
Total Expenditures	\$9,510,013	\$10,010,885	\$11,313,975	\$11,626,737	\$11,603,699
General Fund	5,085,589	5,279,877	5,569,907	6,305,576	6,288,576
State/Other Special Rev. Funds	4,424,424	4,731,008	5,744,068	5,321,161	5,315,123
Total Funds	\$9,510,013	\$10,010,885	\$11,313,975	\$11,626,737	\$11,603,699
Total Ongoing	\$8,870,337	\$9,110,885	\$10,413,975	\$11,626,737	\$11,603,699
Total OTO	\$639,676	\$900,000	\$900,000	\$0	\$0

Program Description

The Centralized Services Division is comprised of the Director's Office, Legal Services Office, Financial Services Office, Office of Information Technology, Human Resources Office, Office of Strategic Communication, 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 Centralized Services provide legal, human resources, financial, information technology, records management, administrative hearings, safety, and communication services to the director and the divisions within the agency.

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	(221,617)	(171,905)	0	(393,522)	0.00	(211,734)	(164,241)	0	(375,975)
DP 2 - Fixed Costs	0.00	525,445	402,258	0	927,703	0.00	483,322	376,737	0	860,059
DP 3 - Inflation Deflation	0.00	(67)	(46)	0	(113)	0.00	(43)	(33)	0	(76)
DP 21002 - DO Helena Rent Increase	0.00	0	0	0	0	0.00	18,110	14,055	0	32,165
DP 21003 - DO TLMS Maintenance Contracted Services	0.00	400,000	0	0	400,000	0.00	400,000	0	0	400,000
Grand Total All Present Law Adjustments	0.00	\$703,761	\$230,307	\$0	\$934,068	0.00	\$689,655	\$226,518	\$0	\$916,173

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

DP 1 - Personal Services -

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

57060 - Department Of Natural Resources And Conservation 21-Centralized Services Division

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Director's Office	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$132,249
Management Changes	(525,771)
Budget Modifications	-
Total	(393,522)

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 21002 - DO Helena Rent Increase -

The executive proposes increasing general fund and state special revenue for the lease agreement of the Department of Natural Resources and Conservation Helena headquarters building. The executive proposes increasing general fund and state special revenue for the lease agreement of the Helena headquarters building.

DP 21003 - DO TLMS Maintenance Contracted Services -

The executive proposes an increase in general fund to contract for maintenance of the Trust Lands Management System (TLMS). The TLMS manages state trust lands and school revenue distribution.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 21004 - DO ServiceNow Developers	2.00	156,908	121,786	0	278,694	2.00	154,014	119,537	0	273,551
Total	2.00	\$156,908	\$121,786	\$0	\$278,694	2.00	\$154,014	\$119,537	\$0	\$273,551

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

DP 21004 - DO ServiceNow Developers -

The executive proposes an increase in general fund and state special revenue to support an additional 2.00 PB as software developers. The new positions would work to build ServiceNow applications, aligning with state IT guidance.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	19.50	19.50	19.50	0.00	0.0%
State/Other Special Rev. Funds	2,362,758	2,340,397	2,344,310	(40,809)	(0.9%)
Federal Spec. Rev. Funds	107,879	107,879	107,879		0.0%
Total Funds	2,470,637	2,448,276	2,452,189	(40,809)	(0.8%)
Personal Services	1,812,418	1,794,603	1,797,000	(33,233)	(0.9%)
Operating Expenses	549,728	545,182	546,698	(7,576)	(0.7%)
Equipment & Intangible Assets	90,000	90,000	90,000		0.0%
Debt Service	18,491	18,491	18,491		0.0%
Total Expenditures	2,470,637	2,448,276	2,452,189	(40,809)	(0.8%)
Total Ongoing	2,470,637	2,448,276	2,452,189	(40,809)	(0.8%)
Total One-Time-Only					0.0%

Program Highlights

Oil and Gas Conservation Division Major Budget Highlights
<p>The executive proposes decrease of 0.8% or \$40,800 below base funding. The executive proposes:</p> <ul style="list-style-type: none"> • Board of Oil and Gas per diem and overtime: \$14,500 • Statewide present law reductions for personal services and fixed costs: \$55,300

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Oil & Gas Conservation Div 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	0	2,362,758	107,879	2,470,637	100.9%	0	2,362,758	107,879	2,470,637	100.8%
Statewide PL										
Personal Services	0	(25,043)	0	(25,043)	(1.0%)	0	(22,646)	0	(22,646)	(0.9%)
Fixed Costs	0	(4,546)	0	(4,546)	(0.2%)	0	(3,030)	0	(3,030)	(0.1%)
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	(29,589)	0	(29,589)	(1.2%)	0	(25,676)	0	(25,676)	(1.0%)
Present Law (PL)	0	7,228	0	7,228	0.3%	0	7,228	0	7,228	0.3%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	(22,361)	0	(22,361)	(0.9%)	0	(18,448)	0	(18,448)	(0.8%)
Total Requested Budget	0	2,340,397	107,879	2,448,276		0	2,344,310	107,879	2,452,189	

Funding

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

Department of Natural Resources and Conservation, 22-Oil & Gas Conservation Div Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
General Fund	0	0	0	0	0	0.0%
02010 Oil & Gas Damage Mitigation	0	0	0	406,828	406,828	8.0%
02432 Oil & Gas ERA	4,684,707	0	0	0	4,684,707	92.0%
State Special Total	\$4,684,707	\$0	\$0	\$406,828	\$5,091,535	95.9%
03356 Oil & Gas Federal	215,758	0	0	0	215,758	100.0%
Federal Special Total	\$215,758	\$0	\$0	\$0	\$215,758	4.1%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$4,900,465	\$0	\$0	\$406,828	\$5,307,293	

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.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	19.50	19.50	19.50	19.50
Personal Services	1,283,114	1,723,415	1,812,418	1,794,603	1,797,000
Operating Expenses	276,270	531,589	549,728	545,182	546,698
Equipment & Intangible Assets	0	90,000	90,000	90,000	90,000
Debt Service	18,491	18,491	18,491	18,491	18,491
Total Expenditures	\$1,577,875	\$2,363,495	\$2,470,637	\$2,448,276	\$2,452,189
State/Other Special Rev. Funds	1,577,875	2,255,616	2,362,758	2,340,397	2,344,310
Federal Spec. Rev. Funds	0	107,879	107,879	107,879	107,879
Total Funds	\$1,577,875	\$2,363,495	\$2,470,637	\$2,448,276	\$2,452,189
Total Ongoing	\$1,577,875	\$2,363,495	\$2,470,637	\$2,448,276	\$2,452,189
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Oil and Gas Conservation Division oversees Montana's oil and gas conservation laws, promoting resource conservation and preventing waste through exploration and production regulation. It issues drilling permits, implements protective measures for land and underground strata, classifies wells, establishes spacing units and pooling orders, and inspects operations. The division investigates complaints, conducts engineering studies, determines incremental production for tax incentives, manages the underground injection control program, plugs orphan wells, and maintains comprehensive well data and production records.

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	(25,043)	0	(25,043)	0.00	0	(22,646)	0	(22,646)
DP 2 - Fixed Costs	0.00	0	(4,546)	0	(4,546)	0.00	0	(3,030)	0	(3,030)
DP 22001 - BOGC Per Diem & Overtime Adjustment	0.00	0	7,228	0	7,228	0.00	0	7,228	0	7,228
Grand Total All Present Law Adjustments	0.00	\$0	(\$22,361)	\$0	(\$22,361)	0.00	\$0	(\$18,448)	\$0	(\$18,448)

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

DP 1 - Personal Services -

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

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Oil and Gas Conservation Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$14,179
Management Changes	(39,222)
Budget Modifications	-
Total	(25,043)

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 22001 - BOGC Per Diem & Overtime Adjustment -

The executive proposes increasing state special revenue for overtime for field inspectors and per diem for members of the Board of Oil and Gas Conservation.

57060 - Department Of Natural Resources And Conservation23-Conservation & Resource Dev Div

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	30.17	30.17	30.17	0.00	0.0%
General Fund	2,058,375	2,257,746	2,268,845	409,841	10.0%
State/Other Special Rev. Funds	11,355,004	11,706,367	11,714,045	710,404	3.1%
Federal Spec. Rev. Funds	293,340	293,340	293,340		0.0%
Total Funds	13,706,719	14,257,453	14,276,230	1,120,245	4.1%
Personal Services	3,026,128	3,075,239	3,083,458	106,441	1.8%
Operating Expenses	3,299,728	3,801,351	3,799,399	1,001,294	15.2%
Equipment & Intangible Assets	43,743	43,743	43,743		0.0%
Local Assistance	3,058,090	3,058,090	3,058,090		0.0%
Grants	3,640,249	3,640,249	3,640,249		0.0%
Benefits & Claims	400,000	400,000	400,000		0.0%
Debt Service	238,781	238,781	251,291	12,510	2.6%
Total Expenditures	13,706,719	14,257,453	14,276,230	1,120,245	4.1%
Total Ongoing	13,706,719	13,897,453	13,916,230	400,245	1.5%
Total One-Time-Only	3,291,923	360,000	360,000	(5,863,846)	(89.1%)

Program Highlights

Conservation and Resource Development Division Major Budget Highlights

The executive proposes an increase of 4.1% or \$1.1 million above base funding. In addition to statewide present law adjustments of \$387,700, proposals include:

- Conservation and Resource Development rent increase: \$12,500
- One-time-only funding for 4.00 temporary positions: \$720,000

57060 - Department Of Natural Resources And Conservation 23-Conservation & Resource Dev Div

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Conservation & Resource Dev Div 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	2,058,375	11,355,004	293,340	13,706,719	96.1%	2,058,375	11,355,004	293,340	13,706,719	96.0%
Statewide PL										
Personal Services	40,175	8,936	0	49,111	0.3%	43,680	13,650	0	57,330	0.4%
Fixed Costs	69,196	72,427	0	141,623	1.0%	69,534	70,137	0	139,671	1.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	109,371	81,363	0	190,734	1.3%	113,214	83,787	0	197,001	1.4%
Present Law (PL)	0	0	0	0	0.0%	7,256	5,254	0	12,510	0.1%
New Proposals	90,000	270,000	0	360,000	2.5%	90,000	270,000	0	360,000	2.5%
Total HB 2 Adjustments	199,371	351,363	0	550,734	3.9%	210,470	359,041	0	569,511	4.0%
Total Requested Budget	2,257,746	11,706,367	293,340	14,257,453		2,268,845	11,714,045	293,340	14,276,230	

Funding

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

Department of Natural Resources and Conservation, 23-Conservation & Resource Dev Div Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	4,346,591	180,000	0	0	4,526,591	14.8%	
02015 MT Coal Endowment Reg Wtr Sys	2,192,170	0	0	0	2,192,170	8.6%	
02048 Conservation District Acct	9,451,678	0	0	0	9,451,678	37.2%	
02052 Rangeland Improvement Loans	162,412	0	0	0	162,412	0.6%	
02223 Wastewater SRF Special Admin	30,000	0	0	0	30,000	0.1%	
02284 Aquatic Invasive Species	1,542,209	0	0	0	1,542,209	6.1%	
02316 SRF Bonds State Administration	66,680	0	0	0	66,680	0.3%	
02318 Sage Grouse Stewardship	0	0	0	1,969,310	1,969,310	7.8%	
02432 Oil & Gas ERA	1,599,332	0	0	0	1,599,332	6.3%	
02433 Grazing District Fees	60,000	0	0	0	60,000	0.2%	
02490 Drinking Water Investment	800,000	0	0	0	800,000	3.2%	
02576 Natural Resources Operations	909,751	540,000	0	0	1,449,751	5.7%	
02694 Coal Bed Methane Protection	100,000	0	0	0	100,000	0.4%	
02971 RDB PROCEEDS	5,966,180	0	0	0	5,966,180	23.5%	
State Special Total	\$22,880,412	\$540,000	\$0	\$1,969,310	\$25,389,722	83.2%	
03013 WPC24 SRF Grant	245,662	0	0	0	245,662	41.9%	
03595 DW24 SRF Grant	341,018	0	0	0	341,018	58.1%	
Federal Special Total	\$586,680	\$0	\$0	\$0	\$586,680	1.9%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$27,813,683	\$720,000	\$0	\$1,969,310	\$30,502,993		

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.

57060 - Department Of Natural Resources And Conservation23-Conservation & Resource Dev Div

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	30.17	30.17	30.17	30.17
Personal Services	3,252,306	2,809,974	3,026,128	3,075,239	3,083,458
Operating Expenses	2,629,694	3,341,566	3,591,651	3,801,351	3,799,399
Equipment & Intangible Assets	0	43,743	43,743	43,743	43,743
Local Assistance	2,236,125	3,058,090	3,058,090	3,058,090	3,058,090
Grants	2,741,017	4,371,419	6,640,249	3,640,249	3,640,249
Benefits & Claims	275,300	675,300	400,000	400,000	400,000
Transfers	12,641	18,830	0	0	0
Debt Service	241,533	238,781	238,781	238,781	251,291
Total Expenditures	\$11,388,616	\$14,557,703	\$16,998,642	\$14,257,453	\$14,276,230
General Fund	1,998,838	2,043,059	2,133,375	2,257,746	2,268,845
State/Other Special Rev. Funds	9,096,438	12,221,304	14,571,927	11,706,367	11,714,045
Federal Spec. Rev. Funds	293,340	293,340	293,340	293,340	293,340
Total Funds	\$11,388,616	\$14,557,703	\$16,998,642	\$14,257,453	\$14,276,230
Total Ongoing	\$10,440,939	\$12,015,780	\$13,706,719	\$13,897,453	\$13,916,230
Total OTO	\$947,677	\$2,541,923	\$3,291,923	\$360,000	\$360,000

Program Description

The Conservation and Resource Development Division (CARDD) provides technical, administrative, and financial assistance to Montana's 58 conservation districts (CDs) and assists CDs 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 and Development, Renewable Resource, and Conservation District grant programs. Administratively attached to the division are:

- Western Montana Conservation Commission
- Montana Invasive Species Council
- Rangeland Resource Committee
- Grass Conservation Commission

The division also provides provide staff for the Montana Sage Grouse Oversight Team, which is administratively attached to the Governor's office.

57060 - Department Of Natural Resources And Conservation23-Conservation & Resource Dev Div

Present Law Adjustments

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

Present Law Adjustments	Fiscal 2026					Fiscal 2027				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	40,175	8,936	0	49,111	0.00	43,680	13,650	0	57,330
DP 2 - Fixed Costs	0.00	69,196	72,427	0	141,623	0.00	69,534	70,137	0	139,671
DP 23006 - CARDD Helena Rent Increase	0.00	0	0	0	0	0.00	7,256	5,254	0	12,510
Grand Total All Present Law Adjustments	0.00	\$109,371	\$81,363	\$0	\$190,734	0.00	\$120,470	\$89,041	\$0	\$209,511

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

DP 1 - Personal Services -

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

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Conservation and Resource Development Division FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$568,607
Management Changes	(369,496)
Budget Modifications	(150,000)
Total	49,111

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, information technology services, etc. The rates charged for these services are approved in the section of the budget that provides the services.

DP 23006 - CARDD Helena Rent Increase -

The executive proposes increasing general fund and state special revenue for the lease agreement of the Conservation and Resource Development Division Helena headquarters building.

57060 - Department Of Natural Resources And Conservation23-Conservation & Resource Dev Div

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 23001 - Resource Development Technical Support (OTO)	0.00	0	180,000	0	180,000	0.00	0	180,000	0	180,000
DP 23004 - CARDD Infrastructure Staffing (BIEN/OTO)	0.00	90,000	90,000	0	180,000	0.00	90,000	90,000	0	180,000
Total	0.00	\$90,000	\$270,000	\$0	\$360,000	0.00	\$90,000	\$270,000	\$0	\$360,000

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

DP 23001 - Resource Development Technical Support (OTO) -

The executive proposes a one-time-only increase in state special revenue for 2.00 temporary positions. One position to support irrigation districts in managing state and federal funds, and another to ensure compliance with federal subaward programs and state grant monitoring requirements.

DP 23004 - CARDD Infrastructure Staffing (BIEN/OTO) -

The executive proposes to increase general fund and state special revenue, one-time-only, to fund 2.00 temporary positions for the Renewable Resource Grant and Loan program to manage increased grant funding from HB 6 (Renewable Resource Grants) and the American Rescue Plan Act (ARPA).

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	149.26	152.26	152.26	3.00	1.0%
General Fund	14,423,582	17,102,356	17,186,367	5,441,559	18.9%
State/Other Special Rev. Funds	11,410,826	12,152,818	12,161,305	1,492,471	6.5%
Federal Spec. Rev. Funds	292,279	292,279	292,279		0.0%
Total Funds	26,126,687	29,547,453	29,639,951	6,934,030	13.3%
Personal Services	14,018,184	14,832,084	14,867,399	1,663,115	5.9%
Operating Expenses	10,994,300	13,601,166	13,658,349	5,270,915	24.0%
Equipment & Intangible Assets	183,499	183,499	183,499		0.0%
Transfers	41,591	41,591	41,591		0.0%
Debt Service	889,113	889,113	889,113		0.0%
Total Expenditures	26,126,687	29,547,453	29,639,951	6,934,030	13.3%
Total Ongoing	26,126,687	29,051,552	29,144,051	5,942,229	11.4%
Total One-Time-Only	2,731,453	495,901	495,900	(4,471,105)	(81.8%)

Program Highlights

<p>Water Resources Division Major Budget Highlights</p>
<p>The executive proposes an increase of 13.3% or \$6.9 million above base funding. In addition to statewide present law adjustments of \$1.5 million, proposals include:</p> <ul style="list-style-type: none"> • Stream gage programs: \$1.9 million • Water storage projects: \$1.0 million • One-time-only funding for 4.00 temporary positions, FERC Audit and Dam Safety: \$991,800 • Water rights data base: \$800,000 • Flood plain permitting 3.00 PB: \$588,400 • Water measurement data base: \$100,000 • Overtime for Broadwater Hydropower Plant operators: \$22,200

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Water Resources Division 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	14,423,582	11,410,826	292,279	26,126,687	88.4%	14,423,582	11,410,826	292,279	26,126,687	88.1%
Statewide PL										
Personal Services	376,083	157,545	0	533,628	1.8%	403,864	165,079	0	568,943	1.9%
Fixed Costs	182,028	11,023	0	193,051	0.7%	194,286	11,765	0	206,051	0.7%
Inflation Deflation	(10,405)	(651)	0	(11,056)	(0.0%)	(7,031)	(440)	0	(7,471)	(0.0%)
Total Statewide PL	547,706	167,917	0	715,623	2.4%	591,119	176,404	0	767,523	2.6%
Present Law (PL)	480,000	67,075	0	547,075	1.9%	520,600	67,075	0	587,675	2.0%
New Proposals	1,651,068	507,000	0	2,158,068	7.3%	1,651,066	507,000	0	2,158,066	7.3%
Total HB 2 Adjustments	2,678,774	741,992	0	3,420,766	11.6%	2,762,785	750,479	0	3,513,264	11.9%
Total Requested Budget	17,102,356	12,152,818	292,279	29,547,453		17,186,367	12,161,305	292,279	29,639,951	

Funding

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

Department of Natural Resources and Conservation, 24-Water Resources Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	33,296,922	991,801	0	0	34,288,723	57.9%	
02145 Broadwater O & M	1,965,868	0	0	0	1,965,868	8.1%	
02147 Broadwater R & R	1,100,000	0	0	0	1,100,000	4.5%	
02216 Water Storage St Sp Rev Acct	1,627,346	0	0	0	1,627,346	6.7%	
02316 SRF Bonds State Administration	1,000,000	0	0	0	1,000,000	4.1%	
02351 Water Project Lands Lease Acct	128,874	0	0	0	128,874	0.5%	
02404 Water Project Loans	616,956	0	0	0	616,956	2.5%	
02430 Water Right Appropriation	3,116,306	0	0	0	3,116,306	12.8%	
02431 Water Adjudication	5,776,337	0	0	0	5,776,337	23.8%	
02470 State Project Hydro Earnings	8,466,220	0	0	0	8,466,220	34.8%	
02576 Natural Resources Operations	262,506	0	0	0	262,506	1.1%	
02825 Water Well Contractors	253,710	0	0	0	253,710	1.0%	
State Special Total	\$24,314,123	\$0	\$0	\$0	\$24,314,123	41.1%	
03034 Yellowstone Groundwater NPS	42,580	0	0	0	42,580	7.3%	
03094 FEMA Federal Grants	541,978	0	0	0	541,978	92.7%	
Federal Special Total	\$584,558	\$0	\$0	\$0	\$584,558	1.0%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$58,195,603	\$991,801	\$0	\$0	\$59,187,404		

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

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	149,26	149,26	152,26	152,26
Personal Services	13,538,424	13,764,957	14,142,184	14,832,084	14,867,399
Operating Expenses	8,646,718	11,915,621	13,551,753	13,601,166	13,658,349
Equipment & Intangible Assets	442,156	614,699	233,499	183,499	183,499
Transfers	0	41,591	41,591	41,591	41,591
Debt Service	678,322	889,113	889,113	889,113	889,113
Total Expenditures	\$23,305,620	\$27,225,981	\$28,858,140	\$29,547,453	\$29,639,951
General Fund	14,943,095	15,719,601	15,792,035	17,102,356	17,186,367
State/Other Special Rev. Funds	8,358,474	11,217,472	12,773,826	12,152,818	12,161,305
Federal Spec. Rev. Funds	4,051	288,908	292,279	292,279	292,279
Total Funds	\$23,305,620	\$27,225,981	\$28,858,140	\$29,547,453	\$29,639,951
Total Ongoing	\$22,187,908	\$24,162,383	\$26,126,687	\$29,051,552	\$29,144,051
Total OTO	\$1,117,712	\$3,063,598	\$2,731,453	\$495,901	\$495,900

Program Description

Montana's Water Resources Division coordinates water uses, development, and protection through eight regional offices and six bureaus. It manages state-owned water infrastructure, develops water policies, administers dam safety and water rights programs, conducts hydrologic research, supports water well contractors, implements water compacts, and maintains centralized water rights records.

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	376,083	157,545	0	533,628	0.00	403,864	165,079	0	568,943
DP 2 - Fixed Costs	0.00	182,028	11,023	0	193,051	0.00	194,286	11,765	0	206,051
DP 3 - Inflation Deflation	0.00	(10,405)	(651)	0	(11,056)	0.00	(7,031)	(440)	0	(7,471)
DP 24002 - Audit Rec: WRIS Database Operations	0.00	344,000	56,000	0	400,000	0.00	344,000	56,000	0	400,000
DP 24008 - Overtime for Broadwater Hydropower Plant Operators	0.00	0	11,075	0	11,075	0.00	0	11,075	0	11,075
DP 24015 - State Share of USGS Coop Stream Gage Program	0.00	46,000	0	0	46,000	0.00	72,000	0	0	72,000
DP 24017 - Compact Program Stream Gages	0.00	90,000	0	0	90,000	0.00	104,600	0	0	104,600
Grand Total All Present Law Adjustments	0.00	\$1,027,706	\$234,992	\$0	\$1,262,698	0.00	\$1,111,719	\$243,479	\$0	\$1,355,198

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

DP 1 - Personal Services -

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

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Water Resource Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$475,731
Management Changes	57,897
Budget Modifications	-
Total	\$533,628

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 24002 - Audit Rec: WRIS Database Operations -

The executive propose increase in general fund and state special revenue to support development, operations, and maintenance of the water rights database. The data base is used by the department, the Water Court, and in the future the Board of Engineers of the Confederated Salish and Kootenai Tribes (CSKT).

DP 24008 - Overtime for Broadwater Hydropower Plant Operators -

The executive proposes increasing state special revenue to fund overtime at the State Water Projects Bureau Broadwater hydroelectric plant operations. This proposal would be funded entirely by sales of electricity generated by the plant.

DP 24015 - State Share of USGS Coop Stream Gage Program -

The executive proposes an increase in general fund to maintain its 49-gage network partnership with the United State Geological Survey (USGS. The Water Resources Division partners with the USGS to operate and maintain a network of 49 priority stream gages across Montana through the USGS Cooperative Stream Gage Program.

DP 24017 - Compact Program Stream Gages -

The executive proposes an increase in general fund to cover increased costs for stream gages under a Joint Funding Agreement with USGS and Tribes. Increased cost driven by inflation and the addition of nine gages. This system of gages is used for monitoring compact-related water rights.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 24004 - Build a Database for Water Measurement Data	0.00	43,000	7,000	0	50,000	0.00	43,000	7,000	0	50,000
DP 24013 - State Water Project PB related to FERC Audit (OTO)	0.00	365,901	0	0	365,901	0.00	365,900	0	0	365,900
DP 24014 - Continued Support of the MT Stream Gage Network	0.00	817,970	0	0	817,970	0.00	817,969	0	0	817,969
DP 24016 - SWP Safety and Reliability of State Projects (OTO)	0.00	130,000	0	0	130,000	0.00	130,000	0	0	130,000
DP 24018 - WRD PB to Support MDT Bridge Projects	3.00	294,197	0	0	294,197	3.00	294,197	0	0	294,197
DP 24020 - Water Storage Project Investments	0.00	0	500,000	0	500,000	0.00	0	500,000	0	500,000
Total	3.00	\$1,651,068	\$507,000	\$0	\$2,158,068	3.00	\$1,651,066	\$507,000	\$0	\$2,158,066

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

DP 24004 - Build a Database for Water Measurement Data -

The executive proposes increasing general fund and state special revenue to create a geospatial database integrating water measurement data with the water rights database, improving public access and water management efficiency.

DP 24013 - State Water Project PB related to FERC Audit (OTO) -

The executive proposes one-time-only increase in general fund to support 3.00 temporary positions, a dam safety engineer, professional engineer, and an engineering analyst to address the Federal Energy Regulatory Commission dam safety program audit recommendations for the Broadwater Power Project.

DP 24014 - Continued Support of the MT Stream Gage Network -

The executive proposes increasing general fund authority for the Water Science Bureau's State Stream Gage Program, continuing the one-time-only funding approved by the 2023 Legislature for 76 sites and adding funding for 24 new sites.

DP 24016 - SWP Safety and Reliability of State Projects (OTO) -

The executive proposes a one-time-only increase in general fund to support 1.00 temporary position to address dam safety, infrastructure reliability, and rehabilitation projects for the state's dams, canals, and hydropower facility. This position was approved as one-time-only by the 2023 Legislature.

DP 24018 - WRD PB to Support MDT Bridge Projects -

The executive proposes an addition 3.00 PB. The new positions include a hydrologist, planner, and engineering intern to support the floodplain permitting program to support increased number of Montana Department of Transportation bridge projects. The new positions would be funded with general fund.

DP 24020 - Water Storage Project Investments -

The executive proposes increasing state special revenue to fund existing and new water storage projects throughout the state. This request is contingent on the passage of legislation proposed in the executive budget that redistributes certain marijuana tax revenue.

**LFD
COMMENT**

Decision Package Contingent on Legislation. The Legislative Finance Committee recommends subcommittees to refrain from approving contingent decision packages until the associated bill has been passed.

Program Base Budget Comparison

The following table compares the base budget with the requested expenditures for the upcoming biennium by type of expenditure and source of funding.

Program Base Budget Comparison					
Budget Item	Base Budget	Requested Budget		Biennium Change from Base	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	292.93	293.93	293.93	1.00	0.2%
General Fund	16,853,703	17,453,975	17,510,517	1,257,086	3.7%
State/Other Special Rev. Funds	23,314,079	24,056,569	24,024,075	1,452,486	3.1%
Federal Spec. Rev. Funds	1,429,435	1,429,435	1,429,435		0.0%
Total Funds	41,597,217	42,939,979	42,964,027	2,709,572	3.3%
Personal Services	26,092,096	26,742,114	26,804,749	1,362,671	2.6%
Operating Expenses	11,712,532	11,771,790	11,818,603	165,329	0.7%
Equipment & Intangible Assets	1,056,720	1,298,870	1,206,720	392,150	18.6%
Grants	420,465	420,465	420,465		0.0%
Transfers	1,682,152	2,005,235	1,992,973	633,904	18.8%
Debt Service	633,252	701,505	720,517	155,518	12.3%
Total Expenditures	41,597,217	42,939,979	42,964,027	2,709,572	3.3%
Total Ongoing	41,597,217	42,697,829	42,814,027	2,317,422	2.8%
Total One-Time-Only	625,000	242,150	150,000	(857,850)	(68.6%)

Program Highlights

Forestry and Trust Lands Division Major Budget Highlights
<p>The executive proposes an increase of 3.3% or \$2.7 million above base funding. In addition to statewide present law adjustments of \$1.3 million, proposals include:</p> <ul style="list-style-type: none"> • Air operations fixed costs: \$633,900 • Operation, maintenance, lease expenses: \$171,200 • Equipment one-time-only: \$300,000 • Real property agent, 1.00 PB: \$230,900 • Bridge replacement one-time-only: \$92,100

Executive Request

The following table shows the total executive request with the base budget and the statewide present law adjustments, present law adjustments, and new proposals by source of funding.

Forestry and Trust Lands 2027 Biennium HB 2 Base Budget and Requested Adjustments										
	FY 2026					FY 2027				
	General Fund	State Special	Federal Special	Total Funds	% of Budget Request	General Fund	State Special	Federal Special	Total Funds	% of Budget Request
Base Budget	16,853,703	23,314,079	1,429,435	41,597,217	96.9%	16,853,703	23,314,079	1,429,435	41,597,217	96.8%
Statewide PL										
Personal Services	97,214	450,933	0	548,147	1.3%	125,488	485,294	0	610,782	1.4%
Fixed Costs	142,047	(90,526)	0	51,521	0.1%	178,656	(87,652)	0	91,004	0.2%
Inflation Deflation	(4,380)	(7,584)	0	(11,964)	(0.0%)	(2,959)	(5,125)	0	(8,084)	(0.0%)
Total Statewide PL	234,881	352,823	0	587,704	1.4%	301,185	392,517	0	693,702	1.6%
Present Law (PL)	365,391	31,296	0	396,687	0.9%	355,629	52,808	0	408,437	1.0%
New Proposals	0	358,371	0	358,371	0.8%	0	264,671	0	264,671	0.6%
Total HB 2 Adjustments	600,272	742,490	0	1,342,762	3.1%	656,814	709,996	0	1,366,810	3.2%
Total Requested Budget	17,453,975	24,056,569	1,429,435	42,939,979		17,510,517	24,024,075	1,429,435	42,964,027	

Funding

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

Department of Natural Resources and Conservation, 35-Forestry and Trust Lands Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	34,964,492	0	0	0	34,964,492	34.7%	
02031 LAND BANKING PRVT CLOSNG COSTS	578,964	0	0	0	578,964	1.2%	
02039 Fire Protection Assessments	9,169,636	0	0	0	9,169,636	19.1%	
02073 Forestry - Slash Disposal	127,539	0	0	0	127,539	0.3%	
02449 Forest Resources-Forest Improv	3,060,404	0	0	0	3,060,404	6.4%	
02576 Natural Resources Operations	200,694	0	0	0	200,694	0.4%	
02623 Contract Timber Harvesting	1,000,000	0	0	0	1,000,000	2.1%	
02681 Historic Right-of-Way Acct	17,298	0	0	0	17,298	0.0%	
02912 TLMD Land Exchange Admin	107,060	0	0	0	107,060	0.2%	
02938 TLMD Trust Administration	33,426,899	392,150	0	0	33,819,049	70.3%	
State Special Total	\$47,688,494	\$392,150	\$0	\$0	\$48,080,644	47.8%	
03053 CONSOLIDATED GRANT-FY27	1,096,988	0	0	0	1,096,988	11.9%	
03055 NON-CONSOLIDATED GRANT-FY27	332,447	0	0	0	332,447	3.6%	
03084 NON-CONSOLIDATED GRANT-FY26	332,447	0	0	0	332,447	3.6%	
03110 CONSOLIDATED GRANT-FY26	1,096,988	0	0	0	1,096,988	11.9%	
03500 GNA FEDERAL SPECIAL REVENUE	0	0	0	6,380,883	6,380,883	69.1%	
Federal Special Total	\$2,858,870	\$0	\$0	\$6,380,883	\$9,239,753	9.2%	
06003 State Nursery Enterprise Fund	0	0	1,941,902	0	1,941,902	23.2%	
06538 Air Operations Internal Svc.	0	0	6,426,478	0	6,426,478	76.8%	
Proprietary Total	\$0	\$0	\$8,368,380	\$0	\$8,368,380	8.3%	
Total All Funds	\$85,511,856	\$392,150	\$8,368,380	\$6,380,883	\$100,653,269		

The general fund supports administration and fixed costs and accounts for 34.7% of total funds. State special revenue accounts 47.8% of total funding. The Management Division (TLMD) administration fund revenue is the primary portion of state special funding accounting for 70.5% of all state special revenue and 33.6% of total funding. Additional revenue streams include fire protection taxes, timber sales, forest resources fees, and various other Trust Lands revenue sources. Federal reimbursement for forestry management carried out by the state on federal lands is allocated through statutory appropriations. Proprietary revenues are generated from two main sources: the sale of state nursery products and fees charged to other agencies for aircraft services.

Program Actuals and Budget Comparison

The following table compares FY 2024 actual expenditures, FY 2024 and FY 2025 appropriations, and the expenditures requested for FY 2026 and FY 2027 by type of expenditure and source of funding.

Program Actuals and Budget Comparison					
Budget Item	Actuals Fiscal 2024	Approp. Fiscal 2024	Approp. Fiscal 2025	Request Fiscal 2026	Request Fiscal 2027
PB	0.00	292.93	292.93	293.93	293.93
Personal Services	24,392,376	24,834,379	26,092,096	26,742,114	26,804,749
Operating Expenses	9,103,148	10,991,616	12,337,532	11,771,790	11,818,603
Equipment & Intangible Assets	1,182,549	1,056,720	1,056,720	1,298,870	1,206,720
Grants	437,490	420,465	420,465	420,465	420,465
Transfers	1,685,795	1,686,252	1,682,152	2,005,235	1,992,973
Debt Service	614,295	633,252	633,252	701,505	720,517
Total Expenditures	\$37,415,653	\$39,622,684	\$42,222,217	\$42,939,979	\$42,964,027
General Fund	15,838,664	15,985,384	16,853,703	17,453,975	17,510,517
State/Other Special Rev. Funds	20,160,779	22,221,098	23,939,079	24,056,569	24,024,075
Federal Spec. Rev. Funds	1,416,210	1,416,202	1,429,435	1,429,435	1,429,435
Total Funds	\$37,415,653	\$39,622,684	\$42,222,217	\$42,939,979	\$42,964,027
Total Ongoing	\$37,365,846	\$38,997,684	\$41,597,217	\$42,697,829	\$42,814,027
Total OTO	\$49,807	\$625,000	\$625,000	\$242,150	\$150,000

Program Description

Forestry Program protects against wildfires, regulates forest practices, assists private landowners, implements cross-boundary projects, manages federal lands, and grows seedlings. It includes Fire Protection, Forestry Assistance, and Good Neighbor initiatives. Trust Lands Program manages state timber, surface, and mineral resources for schools and institutions, covering Forest Management, Real Estate, Minerals, Agriculture and Grazing, and Recreational Use and Public Access.

Montana's Trust Lands Program manages 5.2 million surface acres and 6.2 million mineral acres for schools and institutions. It oversees forest management, real estate, minerals, agriculture and grazing, and recreational use.

Present Law Adjustments

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

Present Law Adjustments	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	97,214	450,933	0	548,147	0.00	125,488	485,294	0	610,782
DP 2 - Fixed Costs	0.00	142,047	(90,526)	0	51,521	0.00	178,656	(87,652)	0	91,004
DP 3 - Inflation Deflation	0.00	(4,380)	(7,584)	0	(11,964)	0.00	(2,959)	(5,125)	0	(8,084)
DP 35002 - FTLD Operating & Maintenance	0.00	42,308	31,296	0	73,604	0.00	44,808	52,808	0	97,616
DP 35006 - Air Ops Fixed Costs Transfer	0.00	323,083	0	0	323,083	0.00	310,821	0	0	310,821
Grand Total All Present Law Adjustments	0.00	\$600,272	\$384,119	\$0	\$984,391	0.00	\$656,814	\$445,325	\$0	\$1,102,139

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

DP 1 - Personal Services -

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

- Legislatively approved changes
- Management decisions
- Budget modifications made to the personal services budget in the 2025 biennium

Forestry and Trust Lands Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$394,720
Management Changes	153,427
Budget Modifications	-
Total	548,147

DP 2 - Fixed Costs -

The executive requests adjustments to provide the funding required in the proposed budget to pay increases in fixed costs assessed by other agencies within state government for the services they provide. Examples include: audit fees, Capitol complex rent, 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 executive requests adjustments to reflect budgetary changes generated from the application of inflation and deflation factors to specific expenditure accounts. Affected accounts include in-state state motor pool and motor pool leased vehicles.

DP 35002 - FTLD Operating & Maintenance -

The executive proposes an increase in general fund and state special revenue for operations, maintenance, and lease expense for the Department of Natural Resources & Conservation Helena headquarters building and area offices throughout the state.

DP 35006 - Air Ops Fixed Costs Transfer -

The executive proposes an increase in general fund authority for the Air Operations Proprietary program. This proposal would increase transfer authority to proprietary funds.

New Proposals

The "New Proposals" table shows new proposals for spending.

New Proposals	-----Fiscal 2026-----					-----Fiscal 2027-----				
	PB	General Fund	State Special	Federal Special	Total Funds	PB	General Fund	State Special	Federal Special	Total Funds
DP 35001 - Real Estate Management PB - Real Property Agent	1.00	0	116,221	0	116,221	1.00	0	114,671	0	114,671
DP 35003 - Capital Assets/Equipment (OTO)	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
DP 35004 - Modular Steel Bridge (OTO)	0.00	0	92,150	0	92,150	0.00	0	0	0	0
Total	1.00	\$0	\$358,371	\$0	\$358,371	1.00	\$0	\$264,671	\$0	\$264,671

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

DP 35001 - Real Estate Management PB - Real Property Agent -

The executive proposes an additional 1.00 PB funded with state special revenue. The new position would manage increasing commercial, renewable energy, and communications site leasing on trust lands.

DP 35003 - Capital Assets/Equipment (OTO) -

The executive proposes a one-time-only increase in state special revenue for equipment.

DP 35004 - Modular Steel Bridge (OTO) -

The executive proposes a one-time-only increase in state special revenue for bridge replacement on public lands.