

DEPARTMENT OF FISH, WILDLIFE, & PARKS

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Dept. of Fish, Wildlife, & Parks
Dept. of Environmental Quality
Dept. of Transportation

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

-----Committee Members-----

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Representative Eric Albus
Representative Debo Powers

Senate

Senator Mike Cuffe (Vice Chair)
Senator Kenneth Bogner
Senator Jane Ellis

-----Fiscal Division Staff-----

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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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	711.91	742.26	742.26	30.35	2.1%
State/Other Special Rev. Funds	99,157,465	112,430,463	111,945,005	26,060,538	13.1%
Federal Spec. Rev. Funds	34,443,293	34,107,343	34,142,144	(637,099)	(0.9%)
Total Funds	133,600,758	146,537,806	146,087,149	25,423,439	9.5%
Personal Services	63,075,639	66,205,386	66,384,653	6,438,761	5.1%
Operating Expenses	64,045,497	73,251,165	73,056,741	18,216,912	14.2%
Equipment & Intangible Assets	1,140,054	1,741,687	1,306,187	767,766	33.7%
Grants	1,577,888	1,577,888	1,577,888		0.0%
Benefits & Claims	18,800	18,800	18,800		0.0%
Transfers	3,101,537	3,101,537	3,101,537		0.0%
Debt Service	641,343	641,343	641,343		0.0%
Total Expenditures	133,600,758	146,537,806	146,087,149	25,423,439	9.5%
Total Ongoing	133,600,758	145,944,593	145,929,436	24,672,513	9.2%
Total One-Time-Only	450,000	593,213	157,713	(149,074)	(16.6%)

Agency Highlights

**Department of Fish, Wildlife, and Parks
Major Budget Highlights**

The executive proposes an increase of 9.5% or \$25.4 million above FY 2025 base funding. In addition to the statewide present law adjustment of \$3.3 million, this includes:

- Aircraft and vehicle fleet rate increases: \$6.1 million
- New positions, 30.35 PB: \$5.8 million
- Game and nongame programs operational increase: \$4.9 million
- Equipment purchases: \$767,800
- USGS stream gage network support: \$630,000
- Technology and website improvements: \$575,600
- Legal unit caseload increase: \$570,500
- Proprietary maintenance increase: \$500,000
- Modified positions: \$491,000
- Overtime and pay adjustments: \$478,000
- Montana Outdoor Magazine operations increase: \$250,000
- Grizzly bear operations: \$240,000
- One-time-only Stream Protection Act permitting in support of MDT projects: - \$214,500

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 Fish, Wildlife, and Parks 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	0	99,157,465	34,443,293	133,600,758	91.2%	0	99,157,465	34,443,293	133,600,758	91.5%
Statewide PL										
Personal Services	0	542,003	(54,844)	487,159	0.3%	0	685,947	(34,407)	651,540	0.4%
Fixed Costs	0	1,297,450	0	1,297,450	0.9%	0	1,241,117	0	1,241,117	0.8%
Inflation Deflation	0	(112,379)	(89,664)	(202,043)	(0.1%)	0	(75,951)	(60,600)	(136,551)	(0.1%)
Total Statewide PL	0	1,727,074	(144,508)	1,582,566	1.1%	0	1,851,113	(95,007)	1,756,106	1.2%
Present Law (PL)	0	6,652,142	0	6,652,142	4.5%	0	6,830,634	0	6,830,634	4.7%
New Proposals	0	4,893,782	(191,442)	4,702,340	3.2%	0	4,105,793	(206,142)	3,899,651	2.7%
Total HB 2 Adjustments	0	13,272,998	(335,950)	12,937,048	8.8%	0	12,787,540	(301,149)	12,486,391	8.5%
Total Requested Budget	0	112,430,463	34,107,343	146,537,806		0	111,945,005	34,142,144	146,087,149	

Personal services increase by \$1.6 million.

Increases in personal services include statewide present law adjustments and adjustments for sergeant pay and overtime. The pay adjustment is to address a pay imbalance within their law enforcement division where criminal investigators, in non-supervisory roles, are earning more per hour than sergeants who hold supervisory positions. Overtime pay would be for game wardens.

Operating expenditures increase by \$14.8 million.

The executive proposes a \$6.1 million increase for fleet programs to maintain vehicles and aircraft used by staff. Non-game program operating expenses would rise by \$3.3 million, using marijuana tax revenue to enhance conservation efforts for priority species and support wildlife biologists in surveying game and nongame animals.

An additional \$630,000 would fund contracts with the U.S. Geological Service for stream gage information, while \$100,000 would improve irrigation system efficiency to boost stream flows for trout. The Wildlife division's 35.08 modified positions conducting chronic wasting disease (CWD) surveillance would receive a \$491,000 increase for pay and benefits, as these positions are not included in statewide present law adjustments. The grizzly bear conflict program would receive an additional \$240,000 to work with landowners and communities on mitigating and reducing conflict.

Montana Outdoors Magazine funding would increase by \$250,000, mainly for printing and mailing costs and to meet an increasing caseload, and litigation funding would increase by \$570,500. All other increases in operations total \$3.1 million.

Equipment expenditures increases by \$403,800.

Appropriations in the wildlife and enforcement divisions would increase by \$254,300 for equipment such as all-terrain vehicles, snowmobiles, and bear traps. The executive requests a one-time-only appropriation for equipment in the Parks and Outdoor Recreation Division of \$149,500 funded from a portion of vehicle registration fees.

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 annualized personal services costs included in the FY 2023 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 2023 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 Fish, Wildlife, and Parks DP 1 Personal Services 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>
Technical Services	\$37,164	(\$17,127)	\$0	\$20,037
Fisheries	700,691	(566,711)	-	133,980
Enforcement	(44,143)	159,692	(26,100)	89,449
Wildlife	111,476	22,240	106,101	239,817
Parks and Recreation	225,600	(422,944)	(40)	(197,384)
Communications and Education	42,493	(9,369)	-	33,124
Administration	(136,507)	304,643	-	168,136
DP 1 - Personal Services	\$936,774	(\$529,576)	\$79,961	\$487,159

The base budget includes \$63.1 million in personal services. The executive proposes a statewide present law personal services adjustment increase of \$1.1 million, or 0.9%, above base funding: \$487,200 in FY 2026 and \$651,500 in FY 2027. Higher authority in FY 2027 is due to increases for longevity and retirement. Management decision decreases include the decision to move about 57.00 PB for maintenance out of HB 2 and into a proprietary program. Management also adjusted expenditures for promotions, reclassifications, vacancy savings, and temporary duties.

New Positions Budgeted

The executive proposes a total increase of 30.35 positions budgeted (PB) across various divisions, which would add \$4.8 million in personal services and \$1.0 million in operating costs.

In the Technical Services division, the proposal includes 1.00 new PB to support the MyFWP mobile application, funded with state special revenue. The Enforcement division would see an increase of 7.00 PB for new game wardens funded with state special revenue. For the Parks and Outdoor Recreation Division, the executive proposes adding 7.35 PB to the Montana State Parks system. The Communications and Education division would receive 7.00 PB to enhance regional customer service, expand outdoor education programs, and support regional offices during peak seasons.

The Administration Division would see the largest increase with several proposals: 1.00 PB for aquatic habitat protection, 1.00 PB for a new staff pilot in the Great Falls and Lewistown area, 2.00 PB for a fisheries research biologist and a research coordinator in the research unit, 2.00 PB to expand the genetics program within the Research Unit, and 2.00 PB to expand the fish health lab staff.

The table below summarizes the new position budgeted as proposed by the executive.

Department of Fish, Wildlife, and Parks Proposed New Positions Budgeted						
Division	Tech. <u>Servc.</u>	Admin	Com & <u>Educ.</u>	Enforc	Parks & Outdoor <u>Rec.</u>	Total
Positions Budgeted	1.00	8.00	7.00	7.00	7.35	30.35
Expenditures						
Personal Services	\$195,732	\$1,504,254	\$914,910	\$1,347,980	\$859,220	\$4,822,096
Operating Expense	22,001	353,000	19,600	549,128	83,296	1,027,025
Total Expenditures	\$217,733	\$1,857,254	\$934,510	\$1,897,108	\$942,516	\$5,849,121
Funding						
State Special Revenue	\$217,733	\$1,857,254	\$233,628	\$1,897,108	\$942,516	\$5,148,239
Federal Special Revenue	-	-	700,882	-	-	700,882
Total Funding	\$217,733	\$1,857,254	\$934,510	\$1,897,108	\$942,516	\$5,849,121

The executive is proposing to fund 43.08 temporary positions across several divisions, in addition to the ongoing positions previously mentioned. These positions would be funded with \$4.1 million in operating costs funded with state special revenue.

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Temporary Positions

Temporary positions use authorized funding, but do not become permanent PB upon which the snapshot is built for personal services costs for the subsequent biennium. However, if the funding is maintained outside of the personal services expenditure category, that funding does go into the base, and the agency would have the flexibility to use that authority for temporary positions or for other purposes in future biennia.

In the Wildlife Division:

The executive proposes an increase in state special revenue to cover personal services costs for the division's current 35.08 positions in the new proprietary maintenance program. These positions support various wildlife management and conservation efforts, including CWD surveillance, bear management, wolf and mountain lion monitoring, and various species-specific technician roles. Additionally, the executive proposes funding for 3.00 temporary technicians for wildlife surveys and monitoring in the nongame program, aiming to prevent endangered species listings and enhance conservation efforts.

Administration Division:

To address increased caseloads and inflationary costs in the legal unit, the executive proposes an increase in state special revenue to fund 1.00 temporary attorney position and increase operational resources for contracts and litigation costs.

Fisheries Division:

A one-time-only increase in state special revenue is proposed to fund 1.00 temporary position to perform Stream Protection Act permitting, anticipating increased caseloads due to the Department of Transportation's bridge rehabilitation initiative.

Education and Communications Division:

The executive proposes a one-time-only 1.00 temporary position to facilitate the transition of a new Montana Outdoors editor, funding the retention of the retiring editor during the transition period and updating public program materials.

Present Law Adjustments

The executive proposes to increase state special authority by \$6.1 million to cover higher fleet and aircraft proprietary rates.

The executive proposes to increase the budget by \$730,000 for enhanced instream flow monitoring and improvement. This includes funding USGS stream gaging services for real-time data and collaborating with water users to improve irrigation practices, upgrade infrastructure, and lease water, benefiting aquatic ecosystems and water management.

Increased funding for wildlife programs of \$940,000 is proposed for game and nongame animal surveys, grizzly bear conflict management, and the Upland Game Bird Program, these operations support habitat conservation, public hunting opportunities, and conflict prevention.

Proposals for equipment purchase total \$403,800 and include in the Parks and Outdoor Recreation Division an increase in ongoing authority for equipment purchases to replace aging equipment such as trailers, all-terrain vehicles, snowmobiles, and habitat management tools. In the Enforcement Division, a one-time-only appropriation is proposed for small equipment purchases. In the Wildlife Division, there is a proposal for an increase in authority for the ongoing equipment budget to replace unsafe and outdated equipment necessary for daily operations, including boats, all-terrain vehicles, utility task vehicles, bear traps, and snowmobiles.

The proposed budget for the proprietary maintenance program and the Havre Area Office increases authority by \$526,300. Proposals for pay adjustments and overtime total \$478,000 in the enforcement division. The executive budget includes \$32,000 for employee development. Other funding totaling \$480,000 is budgeted for website updates and other operational improvements.

New Proposals

The executive request includes several new proposals. A \$1.6 million increase is proposed for the nongame native fisheries program to support inventorying, monitoring, and data gathering for species conservation and habitat restoration. The executive proposes \$425,000 for technology updates. The proposed budget includes \$50,000 to fund a contractor as the Gartside Reservoir Dam Operator, a high-hazard dam currently maintained by FWP staff. For the Communication and Education Division, \$78,000 is proposed to establish an annual equipment budget. The budget request also includes a one-time-only appropriation of \$268,000 for specialized wildlife equipment, including vehicles, traps, and trailers to support wildlife technicians.

Funding

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

Total Department of Fish, Wildlife, and Parks 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
02409 General License	156,157,397	601,426		1,114,826	157,873,649	47.8%
02334 Hunting Access	25,262,385				25,262,385	7.6%
02411 State Parks Miscellaneous	18,303,409	149,500		124,702	18,577,611	5.6%
02274 FWP Accommodations Tax				9,625,508	9,625,508	2.9%
02061 Nongame Wildlife Account	6,678,990				6,678,990	2.0%
Other State Special Revenue	17,222,361			226,298	17,448,659	5.3%
State Special Revenue Total	223,624,542	750,926	-	11,091,334	235,466,802	71.2%
03097 Fish(WB)-Wildl(Pr) Restor Grnt	51,937,867			625,400	52,563,267	15.9%
03403 Misc Federal Funds	14,388,437				14,388,437	4.4%
03408 State Wildlife Grants	1,616,845				1,616,845	0.5%
03098 Parks Federal Revenue	225,816				225,816	0.1%
03129 USFWS Section 6	80,522				80,522	0.0%
Federal Special Revenue Total	68,249,487	-	-	625,400	68,874,887	20.8%
06513 FWP Maintenance Fund			15,798,287		15,798,287	4.8%
06502 FWP Fleet Fund			7,767,210		7,767,210	2.3%
06540 DFWP Aircraft			1,349,034		1,349,034	0.4%
06068 MFWP Visitor Services			1,117,356		1,117,356	0.3%
06503 F & G Warehouse Inventory			208,372		208,372	0.1%
Proprietary Fund Total	-	-	26,240,259	-	26,240,259	7.9%
Total of All Funds	291,874,029	750,926	26,240,259	11,716,734	330,581,948	
Percent of All Sources of Authority	88.3%	0.2%	7.9%	3.5%		

The agencies largest source of funding is state special revenue, which funds 76.7% of HB 2, and 71.2% of total funding. This revenue is derived from permitting fees, fines, and bond proceeds utilized to support specific department functions such as permitting, enforcement, and remediation.

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	711.91	711.91	742.26	742.26
Personal Services	63,838,740	65,281,995	63,075,639	66,205,386	66,384,653
Operating Expenses	53,239,719	59,181,358	64,495,497	73,251,165	73,056,741
Equipment & Intangible Assets	1,303,892	1,674,254	1,140,054	1,741,687	1,306,187
Grants	1,752,987	1,793,379	1,577,888	1,577,888	1,577,888
Benefits & Claims	19,500	27,502	18,800	18,800	18,800
Transfers	1,147,232	2,222,856	3,101,537	3,101,537	3,101,537
Debt Service	634,468	686,518	641,343	641,343	641,343
Total Expenditures	\$121,936,538	\$130,867,862	\$134,050,758	\$146,537,806	\$146,087,149
State/Other Special Rev. Funds	89,204,489	97,186,403	99,607,465	112,430,463	111,945,005
Federal Spec. Rev. Funds	32,732,049	33,681,459	34,443,293	34,107,343	34,142,144
Total Funds	\$121,936,538	\$130,867,862	\$134,050,758	\$146,537,806	\$146,087,149
Total Ongoing	\$121,895,196	\$130,287,862	\$133,600,758	\$145,944,593	\$145,929,436
Total OTO	\$41,342	\$580,000	\$450,000	\$593,213	\$157,713

Agency Description

Agency Mission: Montana Fish, Wildlife & Parks, through its employees and citizen commission, provides for the stewardship of the fish, wildlife, parks, and recreational resources of Montana, while contributing to the quality of life for present and future generations.

Additional information is included in the agency profile.

FY 2024 Appropriations Compared to FY 2024 Expenditures.

In FY 2024, the Department of Fish, Wildlife, and Parks spent 93.2% of its \$130.9 million HB 2 budget Leaving \$8.9 million unexpended.

The Department expended 97.8% of the \$65.3 million appropriated for personal services, leaving \$1.4 million unexpended in FY 2024. Unexpended authority, primarily for operations in the Parks and Outdoor Recreation Division totaled \$2.8 million. Administration programs were \$1.4 million unexpended. Authority for fisheries programs operations was 87.4% expended leaving \$1.3 million unexpended. Authority for enforcement operations were 85.1% expended leaving \$521,500 unexpended. Unexpended authority in the Communications, Technical Services, Wildlife Divisions totaled \$1.5 million.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Total appropriations increased by 2.4% or \$3.2 million in FY 2025 compared to FY 2024. Increases were due primarily to operating costs increased by \$5.3 million primarily in the parks division which accounted for 63.1% or \$3.4 million of the increase. Personal services authority is lower in FY 2025 by \$2.2 million, primarily in the wildlife and the parks divisions where personal services decreased by a combined \$3.0 million. Authority for transfers increased by \$878,700, while all other expenditure decreased by \$673,600.

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 Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Department of Fish, Wildlife, and Parks Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
Program	<u>Legislative Budget</u>	<u>Executive Modifications</u>	<u>Base Budget</u>	<u>Percent Change</u>
<u>Technical Services Division</u>				
Personal Services	\$4,045,921	-	\$4,045,921	0.0%
Operating Expenses	4,004,639	604,279	4,608,918	15.1%
Equipment & Intangible Assets	53,111	-	53,111	0.0%
Transfers	102,342	-	102,342	0.0%
Total	8,206,013	604,279	8,810,292	7.4%
<u>Fisheries Division</u>				
Personal Services	13,824,495	(285,990)	13,538,505	-2.1%
Operating Expenses	8,625,790	220,438	8,846,228	2.6%
Equipment & Intangible Assets	385,000	-	385,000	0.0%
Grants	264,570	42,500	307,070	16.1%
Benefits & Claims	3,000	-	3,000	0.0%
Transfers	1,402,392	18,000	1,420,392	1.3%
Debt Service	12,905	-	12,905	0.0%
Total	24,518,152	(5,052)	24,513,100	0.0%
<u>Enforcement Division</u>				
Personal Services	11,900,370	-	11,900,370	0.0%
Operating Expenses	3,093,593	424,940	3,518,533	13.7%
Equipment & Intangible Assets	107,200	-	107,200	0.0%
Transfers	53,044	-	53,044	0.0%
Debt Service	-	50,417	50,417	-
Total	15,154,207	475,357	15,629,564	3.1%
<u>Wildlife Division</u>				
Personal Services	9,457,704	(581,724)	8,875,980	-6.2%
Operating Expenses	10,613,274	(58,615)	10,554,659	-0.6%
Equipment & Intangible Assets	147,867	-	147,867	0.0%
Grants	195,800	200,000	395,800	102.1%
Benefits & Claims	4,800	2,000	6,800	41.7%
Transfers	-	146,780	146,780	-
Total	20,419,445	(291,560)	20,127,885	-1.4%
<u>Parks & Outdoor Rec Div</u>				
Personal Services	8,366,264	(86,516)	8,279,748	-1.0%
Operating Expenses	24,115,763	142,582	24,258,345	0.6%
Equipment & Intangible Assets	419,238	-	419,238	0.0%
Grants	517,696	-	517,696	0.0%
Benefits & Claims	4,000	-	4,000	0.0%
Debt Service	500	-	500	0.0%
Total	33,423,461	56,066	33,479,527	0.2%
<u>Communication & Education Div</u>				
Personal Services	2,590,863	-	2,590,863	0.0%

52010 - Department Of Fish, Wildlife, And Parks**SUMMARY**

Operating Expenses	2,491,930	92,178	2,584,108	3.7%
Grants	431,402	(74,080)	357,322	-17.2%
Benefits & Claims	2,000	-	2,000	0.0%
Transfers	-	2,000	2,000	-
Total	5,516,195	20,098	5,536,293	0.4%
<u>Administration</u>				
Personal Services	12,996,083	848,169	13,844,252	6.5%
Operating Expenses	11,973,565	(2,298,858)	9,674,707	-19.2%
Equipment & Intangible Assets	27,638	-	27,638	0.0%
Benefits & Claims	3,000	-	3,000	0.0%
Transfers	1,348,479	28,500	1,376,979	2.1%
Debt Service	14,521	563,000	577,521	3877.1%
Total	26,363,286	(859,189)	25,504,097	-3.3%
Agency Total	\$133,600,759	-	\$133,600,759	0.0%

Program transfers moved \$1.2 million primarily from the Administration and Wildlife Divisions primarily to the Technical Services and Enforcement Divisions. Operating plan changes moved \$979,100 from operating expense and personal services to debt service, grants, and transfers.

HB 2 Language -

The Department of Fish, Wildlife and Parks is authorized to adjust the appropriations between state special and federal special revenue by like amounts in order to respond to increases or reductions in annual federal funding received during the biennium.

The snowmobile trail groomer appropriation in the Parks and Outdoor Recreation Division of \$300,000 a year is biennial.

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	39.00	40.00	40.00	1.00	1.3%
State/Other Special Rev. Funds	8,642,397	10,135,261	10,107,169	2,957,636	17.1%
Federal Spec. Rev. Funds	167,895	167,895	167,895		0.0%
Total Funds	8,810,292	10,303,156	10,275,064	2,957,636	16.8%
Personal Services	4,045,921	4,163,186	4,172,478	243,822	3.0%
Operating Expenses	4,608,918	5,984,517	5,947,133	2,713,814	29.4%
Equipment & Intangible Assets	53,111	53,111	53,111		0.0%
Transfers	102,342	102,342	102,342		0.0%
Total Expenditures	8,810,292	10,303,156	10,275,064	2,957,636	16.8%
Total Ongoing	8,810,292	10,303,156	10,275,064	2,957,636	16.8%
Total One-Time-Only					0.0%

Program Highlights

Technical Services Division Major Budget Highlights	
<p>The executive proposes an increase of 16.8% or \$3.0 million above base funding. In addition to statewide present law adjustments of \$2.2 million, this includes:</p> <ul style="list-style-type: none"> • Technology updates: \$425,600 • MyFWP website mobile application 1.00 PB: \$217,700 • Website support: \$150,000 	

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.

Technical 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	0	8,642,397	167,895	8,810,292	85.5%	0	8,642,397	167,895	8,810,292	85.7%
Statewide PL										
Personal Services	0	20,038	0	20,038	0.2%	0	28,052	0	28,052	0.3%
Fixed Costs	0	1,076,798	0	1,076,798	10.5%	0	1,039,415	0	1,039,415	10.1%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	1,096,836	0	1,096,836	10.6%	0	1,067,467	0	1,067,467	10.4%
Present Law (PL)	0	75,000	0	75,000	0.7%	0	75,000	0	75,000	0.7%
New Proposals	0	321,028	0	321,028	3.1%	0	322,305	0	322,305	3.1%
Total HB 2 Adjustments	0	1,492,864	0	1,492,864	14.5%	0	1,464,772	0	1,464,772	14.3%
Total Requested Budget	0	10,135,261	167,895	10,303,156		0	10,107,169	167,895	10,275,064	

Funding

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

Department of Fish, Wildlife, and Parks, 01-Technical Services Division 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%
02409 General License	20,242,430	0	0	0	20,242,430	100.0%
State Special Total	\$20,242,430	\$0	\$0	\$0	\$20,242,430	98.4%
03403 Misc Federal Funds	335,790	0	0	0	335,790	100.0%
Federal Special Total	\$335,790	\$0	\$0	\$0	\$335,790	1.6%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$20,578,220	\$0	\$0	\$0	\$20,578,220	

The Technical Services Division is funded primarily from state special revenue, and federal sources which fund less than 2.0% of the program. State special revenue is from the general license account. Revenues include the sale of fishing and hunting licenses, camping fees, permit sales, and other miscellaneous revenue.

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	39.00	39.00	40.00	40.00
Personal Services	3,590,701	3,872,491	4,045,921	4,163,186	4,172,478
Operating Expenses	3,985,877	4,625,777	4,608,918	5,984,517	5,947,133
Equipment & Intangible Assets	9,483	53,111	53,111	53,111	53,111
Transfers	0	102,342	102,342	102,342	102,342
Debt Service	55,046	56,000	0	0	0
Total Expenditures	\$7,641,107	\$8,709,721	\$8,810,292	\$10,303,156	\$10,275,064
State/Other Special Rev. Funds	7,497,240	8,541,826	8,642,397	10,135,261	10,107,169
Federal Spec. Rev. Funds	143,867	167,895	167,895	167,895	167,895
Total Funds	\$7,641,107	\$8,709,721	\$8,810,292	\$10,303,156	\$10,275,064
Total Ongoing	\$7,641,107	\$8,709,721	\$8,810,292	\$10,303,156	\$10,275,064
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Technology Services Division is responsible for FWP's technology infrastructure and website frameworks; software development; technology related oversight and guidance to ensure business alignment; collection, analysis, and dissemination of biological and geographical information via GIS technology; and user support, to ensure consistent and effective use of technology expenditures, products, and services. The division is designed with the state's enterprise principles, sustainable and achievable service levels, and the department's mission in mind.

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	20,038	0	20,038	0.00	0	28,052	0	28,052
DP 2 - Fixed Costs	0.00	0	1,076,798	0	1,076,798	0.00	0	1,039,415	0	1,039,415
DP 103 - Website Support	0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000
Grand Total All Present Law Adjustments	0.00	\$0	\$1,171,836	\$0	\$1,171,836	0.00	\$0	\$1,142,467	\$0	\$1,142,467

***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

Technical Services Division FY 2026 Statewide Present Law Adjustment for Personal Services	
	FY 2026
Legislative Changes	\$37,164
Management Changes	(17,126)
Budget Modifications	-
Total	\$20,038

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: 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 103 - Website Support -

The executive proposes an appropriation of state special revenue to update the FWP website. The FWP website is the main source of public information.

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 101 - Technology Modernization	0.00	0	212,800	0	212,800	0.00	0	212,800	0	212,800
DP 102 - Mobile App Resources	1.00	0	108,228	0	108,228	1.00	0	109,505	0	109,505
Total	1.00	\$0	\$321,028	\$0	\$321,028	1.00	\$0	\$322,305	\$0	\$322,305

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

DP 101 - Technology Modernization -

The executive proposes to appropriate state special revenue for technology updates.

DP 102 - Mobile App Resources -

The executive proposes increased state special authority to fund 1.00 new PB. The new position will support the MyFWP mobile application.

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	173.69	173.69	173.69	0.00	0.0%
State/Other Special Rev. Funds	10,926,591	11,944,464	11,896,121	1,987,403	9.1%
Federal Spec. Rev. Funds	13,586,508	13,587,765	13,616,094	30,843	0.1%
Total Funds	24,513,099	25,532,229	25,512,215	2,018,246	4.1%
Personal Services	13,538,505	13,672,484	13,704,147	299,621	1.1%
Operating Expenses	8,846,227	9,731,378	9,679,701	1,718,625	9.7%
Equipment & Intangible Assets	385,000	385,000	385,000		0.0%
Grants	307,070	307,070	307,070		0.0%
Benefits & Claims	3,000	3,000	3,000		0.0%
Transfers	1,420,392	1,420,392	1,420,392		0.0%
Debt Service	12,905	12,905	12,905		0.0%
Total Expenditures	24,513,099	25,532,229	25,512,215	2,018,246	4.1%
Total Ongoing	24,513,099	25,424,988	25,404,974	1,803,764	3.7%
Total One-Time-Only		107,241	107,241	214,482	0.0%

Program Highlights

Fisheries Division Major Budget Highlights	
<p>The executive proposes an increase of 4.1% or \$2.0 million above base funding. In addition to statewide present law adjustment of \$205,900 million, this includes:</p> <ul style="list-style-type: none"> • Non-game fisheries: \$1.6 million • Stream Protection Act permitting technician, 1.00 modified PB: \$214,500 	

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.

Fisheries 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	0	10,926,591	13,586,508	24,513,099	96.0%	0	10,926,591	13,586,508	24,513,099	96.1%
Statewide PL										
Personal Services	0	108,376	25,603	133,979	0.5%	0	119,601	46,041	165,642	0.6%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(31,566)	(24,346)	(55,912)	(0.2%)	0	(21,334)	(16,455)	(37,789)	(0.1%)
Total Statewide PL	0	76,810	1,257	78,067	0.3%	0	98,267	29,586	127,853	0.5%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	941,063	0	941,063	3.7%	0	871,263	0	871,263	3.4%
Total HB 2 Adjustments	0	1,017,873	1,257	1,019,130	4.0%	0	969,530	29,586	999,116	3.9%
Total Requested Budget	0	11,944,464	13,587,765	25,532,229		0	11,896,121	13,616,094	25,512,215	

Funding

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

Department of Fish, Wildlife, and Parks, 03-Fisheries Division 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%
02061 Nongame Wildlife Account	1,597,844	0	0	0	1,597,844	6.7%
02148 Paddlefish Roe Account	52,932	0	0	0	52,932	0.2%
02284 Aquatic Invasive Species	5,175,569	0	0	0	5,175,569	21.7%
02409 General License	16,799,758	214,482	0	0	17,014,240	71.4%
State Special Total	\$23,626,103	\$214,482	\$0	\$0	\$23,840,585	46.7%
03097 Fish(WB)-Wildl(Pr) Restor Grnt	13,449,195	0	0	0	13,449,195	49.4%
03129 USFWS Section 6	80,522	0	0	0	80,522	0.3%
03403 Misc Federal Funds	12,827,261	0	0	0	12,827,261	47.2%
03408 State Wildlife Grants	846,881	0	0	0	846,881	3.1%
Federal Special Total	\$27,203,859	\$0	\$0	\$0	\$27,203,859	53.3%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$50,829,962	\$214,482	\$0	\$0	\$51,044,444	

The division is funded from state special revenue and federal sources. State special revenue is primarily funded from the general license account, which derives revenue from the sale of fishing and hunting licenses, camping fees, permit sales, a portion of vehicle license fees and other miscellaneous revenue. Revenues for aquatic invasive species come primarily from fees charged to anglers, and boat owners.

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	173.69	173.69	173.69	173.69
Personal Services	13,323,663	13,613,178	13,538,505	13,672,484	13,704,147
Operating Expenses	7,888,505	8,390,096	8,846,227	9,731,378	9,679,701
Equipment & Intangible Assets	724,980	789,200	385,000	385,000	385,000
Grants	202,645	211,870	307,070	307,070	307,070
Benefits & Claims	6,000	6,000	3,000	3,000	3,000
Transfers	18,406	723,642	1,420,392	1,420,392	1,420,392
Debt Service	13,076	13,080	12,905	12,905	12,905
Total Expenditures	\$22,177,275	\$23,747,066	\$24,513,099	\$25,532,229	\$25,512,215
State/Other Special Rev. Funds	9,996,648	11,249,625	10,926,591	11,944,464	11,896,121
Federal Spec. Rev. Funds	12,180,627	12,497,441	13,586,508	13,587,765	13,616,094
Total Funds	\$22,177,275	\$23,747,066	\$24,513,099	\$25,532,229	\$25,512,215
Total Ongoing	\$22,177,275	\$23,747,066	\$24,513,099	\$25,424,988	\$25,404,974
Total OTO	\$0	\$0	\$0	\$107,241	\$107,241

Program Description

The **Fisheries Division** is responsible for preserving, maintaining, and enhancing aquatic species and their ecosystems to meet the public's demand for recreational opportunities and stewardship of aquatic wildlife. Primary functions of the division include collection and analysis of fisheries data, fish stocking, establishing fishing regulations, habitat conservation and management, preserving aquatic resources, and maintaining sound fish populations and opportunities to enjoy them. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The division is responsible for:

- Aquatic Invasive Species Program
- Fisheries Mitigation Program
- Manages and protects fish and fish habitats
- Operating a hatchery program to stock lakes and reservoirs where natural reproduction is limited
- Regulating angler harvests

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	108,376	25,603	133,979	0.00	0	119,601	46,041	165,642
DP 3 - Inflation Deflation	0.00	0	(31,566)	(24,346)	(55,912)	0.00	0	(21,334)	(16,455)	(37,789)
Grand Total All Present Law Adjustments	0.00	\$0	\$76,810	\$1,257	\$78,067	0.00	\$0	\$98,267	\$29,586	\$127,853

***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

Fisheries Division FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	\$700,690
Management Changes	(566,711)
Budget Modifications	-
Total	\$133,979

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.

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 301 - SPA Coordination (OTO)	0.00	0	107,241	0	107,241	0.00	0	107,241	0	107,241
DP 302 - Non-Game Fisheries Request	0.00	0	833,822	0	833,822	0.00	0	764,022	0	764,022
Total	0.00	\$0	\$941,063	\$0	\$941,063	0.00	\$0	\$871,263	\$0	\$871,263

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

DP 301 - SPA Coordination (OTO) -

The executive proposes a one-time-only increase in state special revenue to fund 1.00 temporary position to perform Stream Protection Act permitting. Increased case load is anticipated due to the Department of Transportation initiative to rehabilitate or replace 500 – 700 bridges across the state of Montana over the next five years.

DP 302 - Non-Game Fisheries Request -

The executive proposes an increase in state special authority for the nongame native fisheries program. New funding will support inventorying and monitoring high-priority species, and gather data for conserving and restoring native nongame fish populations and habitats.

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	119.00	126.00	126.00	7.00	2.9%
State/Other Special Rev. Funds	15,034,105	17,035,890	16,680,217	3,647,897	12.1%
Federal Spec. Rev. Funds	595,459	46,226	46,226	(1,098,466)	(92.2%)
Total Funds	15,629,564	17,082,116	16,726,443	2,549,431	8.2%
Personal Services	11,900,370	12,902,791	12,938,743	2,040,794	8.6%
Operating Expenses	3,518,533	3,943,664	3,552,039	458,637	6.5%
Equipment & Intangible Assets	107,200	132,200	132,200	50,000	23.3%
Transfers	53,044	53,044	53,044		0.0%
Debt Service	50,417	50,417	50,417		0.0%
Total Expenditures	15,629,564	17,082,116	16,726,443	2,549,431	8.2%
Total Ongoing	15,629,564	17,082,116	16,726,443	2,549,431	8.2%
Total One-Time-Only					0.0%

Program Highlights

Enforcement Division Major Budget Highlights
<p>The executive proposes an increase of 8.2% or \$2.5 million above base funding. In addition to statewide present law adjustment of \$124,400 million, this includes:</p> <ul style="list-style-type: none"> • New game wardens, 7.00 PB: \$1.9 million • Overtime pay base increase: \$300,800 • Pay adjustments for sergeants: \$177,200 • Ongoing authority for equipment purchases: \$50,000

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.

Enforcement 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	0	15,034,105	595,459	15,629,564	91.5%	0	15,034,105	595,459	15,629,564	93.4%
Statewide PL										
Personal Services	0	89,448	0	89,448	0.5%	0	125,400	0	125,400	0.7%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(53,997)	0	(53,997)	(0.3%)	0	(36,494)	0	(36,494)	(0.2%)
Total Statewide PL	0	35,451	0	35,451	0.2%	0	88,906	0	88,906	0.5%
Present Law (PL)	0	263,983	0	263,983	1.5%	0	263,983	0	263,983	1.6%
New Proposals	0	1,702,351	(549,233)	1,153,118	6.8%	0	1,293,223	(549,233)	743,990	4.4%
Total HB 2 Adjustments	0	2,001,785	(549,233)	1,452,552	8.5%	0	1,646,112	(549,233)	1,096,879	6.6%
Total Requested Budget	0	17,035,890	46,226	17,082,116		0	16,680,217	46,226	16,726,443	

Funding

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

Department of Fish, Wildlife, and Parks, 04-Enforcement Division 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%
02115 Off-Highway Decal	118,048	0	0	0	118,048	0.4%
02329 Snowmobile Fuel Tax-Enforcemnt	94,020	0	0	0	94,020	0.3%
02334 Hunting Access	1,310,628	0	0	0	1,310,628	3.9%
02409 General License	31,140,118	0	0	0	31,140,118	92.4%
02411 State Parks Miscellaneous	271,091	0	0	0	271,091	0.8%
02413 F & G Motorboat Cert Id	139,642	0	0	0	139,642	0.4%
02414 Snowmobile Reg	169,976	0	0	0	169,976	0.5%
02938 TLMD Trust Administration	472,584	0	0	0	472,584	1.4%
State Special Total	\$33,716,107	\$0	\$0	\$0	\$33,716,107	99.7%
03097 Fish(WB)-Wildlf(Pr) Restor Grnt	52,452	0	0	0	52,452	56.7%
03403 Misc Federal Funds	40,000	0	0	0	40,000	43.3%
Federal Special Total	\$92,452	\$0	\$0	\$0	\$92,452	0.3%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$33,808,559	\$0	\$0	\$0	\$33,808,559	

The largest source of funding for the division is the general license account. Revenues funding the division include the sale of fishing and hunting licenses, camping fees, permit sales, a portion of vehicle license fees, and other miscellaneous revenue. Other sources of funding come from motor vehicle registrations, snowmobile permits and pass fees.

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	119.00	119.00	126.00	126.00
Personal Services	11,022,856	11,513,676	11,900,370	12,902,791	12,938,743
Operating Expenses	2,873,573	3,169,752	3,518,533	3,943,664	3,552,039
Equipment & Intangible Assets	62,326	237,200	107,200	132,200	132,200
Benefits & Claims	1,500	1,502	0	0	0
Transfers	53,000	53,044	53,044	53,044	53,044
Debt Service	0	50,417	50,417	50,417	50,417
Total Expenditures	\$14,013,255	\$15,025,591	\$15,629,564	\$17,082,116	\$16,726,443
State/Other Special Rev. Funds	13,043,101	13,891,548	15,034,105	17,035,890	16,680,217
Federal Spec. Rev. Funds	970,154	1,134,043	595,459	46,226	46,226
Total Funds	\$14,013,255	\$15,025,591	\$15,629,564	\$17,082,116	\$16,726,443
Total Ongoing	\$14,013,255	\$14,895,591	\$15,629,564	\$17,082,116	\$16,726,443
Total OTO	\$0	\$130,000	\$0	\$0	\$0

Program Description

The Enforcement Division provides modern professional conservation law enforcement services to the people of Montana for the purpose of the stewardship and protection of Montana's fish, wildlife, parks, and outdoor recreational resources, to preserve the quality of life and outdoor traditions of present and future generations. The division engages in complex fish and wildlife criminal investigations aimed at unlawful trafficking and unlawful exploitation of fish and wildlife. The division is responsible for:

- Assisting with hunter education
- Assisting other law enforcement agencies as requested
- Patrolling Block management area
- Permitting Commercial wildlife
- Enforcing laws and regulations relative to lands or waters under agency jurisdiction and authority of the department such as state parks, fishing access sites, and wildlife management areas
- Enforcing laws and regulations pertaining to outfitters/guides, boating, snowmobiles, and off-highway vehicle safety and registration
- Ensuring compliance with laws and regulations pertaining to the protection and preservation of game animals, fur-bearing animals, fish, game birds, and other protected wildlife species.
- Responding to Game damage
- Managing License vendor contacts
- Managing Recreational Boating Safety Program
- Enforcing Stream access laws
- Operating TIPMONT Crimestoppers Program
- Managing Urban wildlife activities

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	89,448	0	89,448	0.00	0	125,400	0	125,400
DP 3 - Inflation Deflation	0.00	0	(53,997)	0	(53,997)	0.00	0	(36,494)	0	(36,494)
DP 401 - Sergeant Pay Adjustment	0.00	0	88,594	0	88,594	0.00	0	88,594	0	88,594
DP 404 - Base Equipment Authority Increase	0.00	0	25,000	0	25,000	0.00	0	25,000	0	25,000
DP 405 - Overtime Base Adjustment Request	0.00	0	150,389	0	150,389	0.00	0	150,389	0	150,389
Grand Total All Present Law Adjustments	0.00	\$0	\$299,434	\$0	\$299,434	0.00	\$0	\$352,889	\$0	\$352,889

***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

Enforcement Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	(\$44,143)
Management Changes	159,691
Budget Modifications	(26,100)
Total	\$89,448

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 401 - Sergeant Pay Adjustment -

The executive proposes an increase in starting base pay for sergeants to bring pay in line with their supervisory responsibilities.

DP 404 - Base Equipment Authority Increase -

The executive proposes an increase in authority for the ongoing equipment budget. Typical purchases would replace unsafe and outdated equipment necessary for daily activities such as boats, all-terrain vehicles, utility task vehicles, bear traps and snowmobiles.

DP 405 - Overtime Base Adjustment Request -

The executive proposes an increase in state special revenue for overtime. Overtime costs are not captured in the snapshot (DP1). The pay plan approved by the 2023 Legislature increased base pay and therefore overtime cost for game wardens. FWP Game Wardens have the ability for each Warden to earn 100 hours of overtime per year.

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 402 - Game Warden Resources	7.00	0	1,153,118	0	1,153,118	7.00	0	743,990	0	743,990
DP 406 - Coast Guard Funding Switch	0.00	0	549,233	(549,233)	0	0.00	0	549,233	(549,233)	0
Total	7.00	\$0	\$1,702,351	(\$549,233)	\$1,153,118	7.00	\$0	\$1,293,223	(\$549,233)	\$743,990

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

DP 402 - Game Warden Resources -

The executive proposes increasing state special authority to support 7.00 PB new game wardens.

DP 406 - Coast Guard Funding Switch -

The executive proposes a funding shift from federal to state special revenues. The US Coast Guard notified FWP of deficiencies in state boating licensing requirements. Addressing these would require multiple statute changes, increasing costs and bureaucracy for boaters. To maintain the current boating program without these changes, FWP proposes replacing USCG authority with general license account funding.

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	102.48	102.48	102.48	0.00	0.0%
State/Other Special Rev. Funds	8,289,240	12,798,359	12,665,155	8,885,034	53.6%
Federal Spec. Rev. Funds	11,838,645	11,692,880	11,714,052	(270,358)	(1.1%)
Total Funds	20,127,885	24,491,239	24,379,207	8,614,676	21.4%
Personal Services	8,875,979	9,115,796	9,136,192	500,030	2.8%
Operating Expenses	10,554,659	14,290,063	14,443,635	7,624,380	36.1%
Equipment & Intangible Assets	147,867	536,000	250,000	490,266	165.8%
Grants	395,800	395,800	395,800		0.0%
Benefits & Claims	6,800	6,800	6,800		0.0%
Transfers	146,780	146,780	146,780		0.0%
Total Expenditures	20,127,885	24,491,239	24,379,207	8,614,676	21.4%
Total Ongoing	20,127,885	24,205,239	24,379,207	8,328,676	20.7%
Total One-Time-Only		286,000		286,000	0.0%

Program Highlights

Wildlife Division Major Budget Highlights
<p>The executive proposes an increase of 21.4% or \$8.6 million above base funding. In addition to statewide present law adjustment of \$390,600, this includes:</p> <ul style="list-style-type: none"> • Rate increase for aircraft: \$3.1 million • Nongame programs: \$2.7 million • Wildlife surveys and inventory: \$600,000 • Proprietary maintenance program: \$500,000 • Operations increase to cover existing modified positions: \$491,000 • Grizzly bear conflicts: \$240,000 • Upland game bird program: \$100,000 • Equipment purchases one-time-only: \$286,000 • Equipment purchases ongoing: \$204,300

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.

Wildlife 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	0	8,289,240	11,838,645	20,127,885	82.2%	0	8,289,240	11,838,645	20,127,885	82.6%
Statewide PL										
Personal Services	0	320,264	(80,447)	239,817	1.0%	0	340,661	(80,448)	260,213	1.1%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	(65,318)	(65,318)	(0.3%)	0	0	(44,145)	(44,145)	(0.2%)
Total Statewide PL	0	320,264	(145,765)	174,499	0.7%	0	340,661	(124,593)	216,068	0.9%
Present Law (PL)	0	3,902,855	0	3,902,855	15.9%	0	4,035,254	0	4,035,254	16.6%
New Proposals	0	286,000	0	286,000	1.2%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	4,509,119	(145,765)	4,363,354	17.8%	0	4,375,915	(124,593)	4,251,322	17.4%
Total Requested Budget	0	12,798,359	11,692,880	24,491,239		0	12,665,155	11,714,052	24,379,207	

Funding

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

Department of Fish, Wildlife, and Parks, 05-Wildlife Division 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%
02061 Nongame Wildlife Account	4,894,428	0	0	0	4,894,428	19.2%
02085 Waterfowl Stamp Spec. Rev.	26,136	0	0	0	26,136	0.1%
02086 Mountain Sheep Account	299,250	0	0	0	299,250	1.2%
02112 Moose Auction	80,916	0	0	0	80,916	0.3%
02113 Upland Game Bird Habitat	489,112	0	0	0	489,112	1.9%
02176 Mountain Goat Auction	28,710	0	0	0	28,710	0.1%
02409 General License	17,211,120	286,000	0	0	17,497,120	68.7%
02423 Wolf Collaring	465,894	0	0	0	465,894	1.8%
02424 Wolf Depredation	389,284	0	0	0	389,284	1.5%
02469 Habitat Trust Interest	1,165,766	0	0	0	1,165,766	4.6%
02559 Mule Deer Auction	50,356	0	0	0	50,356	0.2%
02560 Elk Auction	76,542	0	0	0	76,542	0.3%
State Special Total	\$25,177,514	\$286,000	\$0	\$0	\$25,463,514	52.1%
03097 Fish(WB)-Wildlf(Pr) Restor Grnt	21,603,112	0	0	0	21,603,112	92.3%
03403 Misc Federal Funds	1,033,856	0	0	0	1,033,856	4.4%
03408 State Wildlife Grants	769,964	0	0	0	769,964	3.3%
Federal Special Total	\$23,406,932	\$0	\$0	\$0	\$23,406,932	47.9%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$48,584,446	\$286,000	\$0	\$0	\$48,870,446	

The division is funded with state and federal special revenues. State special revenues primarily come from the general license account, which is funded by the sale of hunting and fishing licenses, camping fees, and permit sales. These funds are used to benefit both anglers and hunters. Additionally, the Nongame Wildlife Account receives a portion of marijuana taxes and voluntary donations from income tax filings. The Habitat Trust Account, which supports the Habitat Montana Program, is funded by interest from the habitat trust and a portion of hunting license revenues. Federal funding is derived from an excise tax on fishing equipment, sporting arms, and ammunition. These federal funds are allocated to support fish and wildlife management projects.

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	102.48	102.48	102.48	102.48
Personal Services	10,450,185	10,459,988	8,875,979	9,115,796	9,136,192
Operating Expenses	9,222,380	9,600,402	10,554,659	14,290,063	14,443,635
Equipment & Intangible Assets	144,241	147,867	147,867	536,000	250,000
Grants	697,461	699,870	395,800	395,800	395,800
Benefits & Claims	8,500	8,500	6,800	6,800	6,800
Transfers	49,101	87,849	146,780	146,780	146,780
Total Expenditures	\$20,571,868	\$21,004,476	\$20,127,885	\$24,491,239	\$24,379,207
State/Other Special Rev. Funds	8,723,854	9,106,855	8,289,240	12,798,359	12,665,155
Federal Spec. Rev. Funds	11,848,014	11,897,621	11,838,645	11,692,880	11,714,052
Total Funds	\$20,571,868	\$21,004,476	\$20,127,885	\$24,491,239	\$24,379,207
Total Ongoing	\$20,571,868	\$21,004,476	\$20,127,885	\$24,205,239	\$24,379,207
Total OTO	\$0	\$0	\$0	\$286,000	\$0

Program Description

The Wildlife Division is responsible for the conservation and management of Montana's 600+ birds, big game, nongame wildlife, furbearers, reptiles, amphibians, threatened and endangered species, habitat, and meeting public demand for hunting opportunities and wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wildlife populations, protection, and restoration of habitat to maintain these populations. The division is responsible for:

- Innovative management that ensures the health and integrity of native and wildlife populations
- Monitoring and conserving wildlife and habitat
- Protecting the diversity of wildlife and Montana's landscapes
- Providing opportunities for public enjoyment of wildlife through hunting, trapping, and viewing
- Reducing conflicts between wildlife and persons to strike a reasonable balance while ensuring a future for the species
- Using sound science and stewardship for protecting the integrity of Montana's outdoor resources

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	320,264	(80,447)	239,817	0.00	0	340,661	(80,448)	260,213
DP 3 - Inflation Deflation	0.00	0	0	(65,318)	(65,318)	0.00	0	0	(44,145)	(44,145)
DP 502 - Operations Increase to cover modified workers	0.00	0	245,500	0	245,500	0.00	0	245,500	0	245,500
DP 503 - Nongame Program Increase	0.00	0	1,360,342	0	1,360,342	0.00	0	1,346,342	0	1,346,342
DP 504 - Increase Survey & Inventory	0.00	0	300,000	0	300,000	0.00	0	300,000	0	300,000
DP 505 - Equipment Increase	0.00	0	102,133	0	102,133	0.00	0	102,133	0	102,133
DP 506 - Grizzly Bears Operations Increase	0.00	0	120,000	0	120,000	0.00	0	120,000	0	120,000
DP 508 - UGBEP Operations Increase	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 912 - Aircraft Rate Base Increase	0.00	0	1,474,880	0	1,474,880	0.00	0	1,621,279	0	1,621,279
DP 913 - Maintenance Rate Base Increase	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
Grand Total All Present Law Adjustments	0.00	\$0	\$4,223,119	(\$145,765)	\$4,077,354	0.00	\$0	\$4,375,915	(\$124,593)	\$4,251,322

***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

Wildlife Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	\$111,476
Management Changes	22,240
Budget Modifications	106,101
Total	\$239,817

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 502 - Operations Increase to cover modified workers -

The executive proposes an increase in state special authority to cover personal services costs for the division's current 35.08 modified HB 2 positions in the proprietary maintenance program. These positions support CWD surveillance and response plans, Grizzly and Black Bear specialists to reduce conflicts on private lands, Grizzly and Black Bear coordinators and technicians, Mountain Lion technicians, Wolf technicians, State Wildlife Action Plan (SWAP) coordinator, nongame technicians, Marten technicians, Sharp-tailed Grouse technicians, and Swift Fox technicians.

**LFD
COMMENT***HB 2 Modified Positions*

HB 2 modified positions are not approved by the legislature, and consequently, these positions are not included in statewide present law adjustments for personal services (DP 1). The 2023 legislature approved a reorganization of the agency that removed these positions from HB 2 and placed them in a new proprietary program to simplify funding.

DP 503 - Nongame Program Increase -

The executive proposes increased state special revenue funding for the nongame program to 3.00 modified positions as technicians for wildlife surveys and monitoring. This aims to prevent endangered species listings, protect landowners, conserve priority species, develop a Watchable Wildlife Program, and enhance interagency conservation collaboration.

DP 504 - Increase Survey & Inventory -

The executive proposes an increase in state special revenue to support a survey and inventory of game and nongame animals.

DP 505 - Equipment Increase -

The executive proposes an increase to ongoing authority for equipment purchases to replace existing equipment at the end of its life cycle. Typical equipment includes trailers, all-terrain vehicles, snowmobiles, and habitat management equipment.

DP 506 - Grizzly Bears Operations Increase -

The executive proposes an increase in state special revenue authority to support growing grizzly bear conflicts. Specialists work with landowners and communities to prevent conflicts and to respond to conflicts that do occur. This authority would support increased travel and supplies. This funding would support additional operations staff in regions 1-5, including the two augmentation techs that were approved in the 2023 session.

DP 508 - UGBEP Operations Increase -

The executive proposes an increase in state special revenue authority for the Upland Game Bird Program. The program conserves and enhances upland game bird habitats and populations and provides public hunting opportunities through its work with landowners across the state. Increased funding would support increased costs of travel, signage, program materials, and public meetings.

DP 912 - Aircraft Rate Base Increase -

The executive proposes an increase in state special revenue authority for increases in aircraft proprietary rates. FWP operates a proprietary aircraft unit. Each biennium rates are calculated in the proprietary program to ensure that the agency is equipped with safe, secure, and reliable aircraft to perform wildlife surveys, fish planting and general flight needs.

DP 913 - Maintenance Rate Base Increase -

The executive proposes an increase in state special revenue for proprietary maintenance rates. FWP operates a proprietary maintenance unit. Each biennium rates are calculated in the proprietary program to ensure that the agency can perform necessary maintenance across all FWP sites.

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 507 - Equipment (BIEN/OTO)	0.00	0	286,000	0	286,000	0.00	0	0	0	0
Total	0.00	\$0	\$286,000	\$0	\$286,000	0.00	\$0	\$0	\$0	\$0

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

DP 507 - Equipment (BIEN/OTO) -

The executive proposes a one-time-only appropriation of state special revenue for specialized wildlife equipment including trucks, tracked UTVs, tree planter, snowmobiles, elk traps, and camper trailers to support wildlife technicians.

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	101.72	109.07	109.07	7.35	3.6%
State/Other Special Rev. Funds	28,017,310	28,485,862	28,359,775	811,017	1.4%
Federal Spec. Rev. Funds	5,462,218	5,462,218	5,462,218		0.0%
Total Funds	33,479,528	33,948,080	33,821,993	811,017	1.2%
Personal Services	8,279,749	8,511,952	8,528,985	481,439	2.9%
Operating Expenses	24,258,345	24,345,194	24,351,574	180,078	0.4%
Equipment & Intangible Assets	419,238	568,738	419,238	149,500	17.8%
Grants	517,696	517,696	517,696		0.0%
Benefits & Claims	4,000	4,000	4,000		0.0%
Debt Service	500	500	500		0.0%
Total Expenditures	33,479,528	33,948,080	33,821,993	811,017	1.2%
Total Ongoing	33,479,528	33,798,580	33,821,993	661,517	1.0%
Total One-Time-Only	350,000	149,500		(550,500)	(78.6%)

Program Highlights

Parks and Outdoor Recreation Division Major Budget Highlights

The executive proposes an increase of 1.2% or \$811,000 above base funding. In addition to reductions due to statewide present law adjustment of \$411,000, this includes:

- Additional state parks staff, 7.35 PB: \$942,500
- Equipment purchases, one-time-only: \$149,500
- Smith River operations: \$80,000
- Gartside Reservoir Dam operator: \$50,000

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.

Parks and Outdoor Recreation 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	0	28,017,310	5,462,218	33,479,528	98.6%	0	28,017,310	5,462,218	33,479,528	99.0%
Statewide PL										
Personal Services	0	(197,384)	0	(197,384)	(0.6%)	0	(180,397)	0	(180,397)	(0.5%)
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(19,822)	0	(19,822)	(0.1%)	0	(13,396)	0	(13,396)	(0.0%)
Total Statewide PL	0	(217,206)	0	(217,206)	(0.6%)	0	(193,793)	0	(193,793)	(0.6%)
Present Law (PL)	0	189,500	0	189,500	0.6%	0	40,000	0	40,000	0.1%
New Proposals	0	496,258	0	496,258	1.5%	0	496,258	0	496,258	1.5%
Total HB 2 Adjustments	0	468,552	0	468,552	1.4%	0	342,465	0	342,465	1.0%
Total Requested Budget	0	28,485,862	5,462,218	33,948,080		0	28,359,775	5,462,218	33,821,993	

Funding

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

Department of Fish, Wildlife, and Parks, 06-Parks and Outdoor Recreation Division 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%	
02055 Snowmobile Trail Pass	126,588	0	0	0	126,588	0.2%	
02057 OHV Noxious Weeds	56,308	0	0	0	56,308	0.1%	
02171 Smith R. Corridor Enhancement	540,426	0	0	0	540,426	0.8%	
02213 Off Highway Vehicle Gas Tax	165,278	0	0	0	165,278	0.2%	
02239 Off Hwy Vehicle Acct (Parks)	77,262	0	0	0	77,262	0.1%	
02273 Motorboat Fees	410,878	0	0	0	410,878	0.6%	
02274 FWP Accommodations Tax	0	0	0	9,625,508	9,625,508	14.5%	
02328 Parks OHV Fuel Safety/Educ	39,230	0	0	0	39,230	0.1%	
02330 Parks Snomo Fuel Tax Sfty/Educ	100,580	0	0	0	100,580	0.2%	
02332 Snowmobile Registration-Parks	778,152	0	0	0	778,152	1.2%	
02333 Fishing Access Site Maint	841,568	0	0	0	841,568	1.3%	
02334 Hunting Access	23,680,317	0	0	0	23,680,317	35.6%	
02407 Snowmobile Fuel Tax	1,523,028	0	0	0	1,523,028	2.3%	
02408 Coal Tax Trust Account	1,893,422	0	0	0	1,893,422	2.8%	
02409 General License	8,534,142	0	0	0	8,534,142	12.8%	
02411 State Parks Miscellaneous	16,893,352	149,500	0	0	17,042,852	25.6%	
02412 Motorboat Fuel Tax	517,720	0	0	0	517,720	0.8%	
02558 FAS - Vehicle Registration	517,886	0	0	0	517,886	0.8%	
State Special Total	\$56,696,137	\$149,500	\$0	\$9,625,508	\$66,471,145	84.7%	
03097 Fish(WB)-Wildl(Pr) Restor Grnt	10,849,128	0	0	0	10,849,128	99.3%	
03403 Misc Federal Funds	75,308	0	0	0	75,308	0.7%	
Federal Special Total	\$10,924,436	\$0	\$0	\$0	\$10,924,436	13.9%	
06068 MFWP Visitor Services	0	0	1,117,356	0	1,117,356	100.0%	
Proprietary Total	\$0	\$0	\$1,117,356	\$0	\$1,117,356	1.4%	
Total All Funds	\$67,620,573	\$149,500	\$1,117,356	\$9,625,508	\$78,512,937		

The division is funded with revenue from day-use park entry fees, camping fees, cabin site rentals, a portion of state gasoline dealers license and distribution tax, coal tax dollars, recreational and commercial user fees for floating and camping on the Smith River, hunting and fishing licenses, and other miscellaneous taxes, fees, and permit revenue. Statutory appropriations come from 6.5% of the total accommodations bed tax and issued for the maintenance of facilities in state parks that have both resident and non-resident use (15-65-121(2)(c), MCA).

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	101.72	101.72	109.07	109.07
Personal Services	9,497,535	9,718,466	8,279,749	8,511,952	8,528,985
Operating Expenses	18,497,549	21,255,643	24,608,345	24,345,194	24,351,574
Equipment & Intangible Assets	352,917	419,238	419,238	568,738	419,238
Grants	513,159	517,696	517,696	517,696	517,696
Benefits & Claims	2,500	6,500	4,000	4,000	4,000
Debt Service	478	500	500	500	500
Total Expenditures	\$28,864,138	\$31,918,043	\$33,829,528	\$33,948,080	\$33,821,993
State/Other Special Rev. Funds	23,468,638	26,460,618	28,367,310	28,485,862	28,359,775
Federal Spec. Rev. Funds	5,395,500	5,457,425	5,462,218	5,462,218	5,462,218
Total Funds	\$28,864,138	\$31,918,043	\$33,829,528	\$33,948,080	\$33,821,993
Total Ongoing	\$28,822,796	\$31,568,043	\$33,479,528	\$33,798,580	\$33,821,993
Total OTO	\$41,342	\$350,000	\$350,000	\$149,500	\$0

Program Description

The Parks & Outdoor Recreation Division provides valued services to the public and manages human use to ensure the long-term sustainability of Montana's scenic, historic, cultural, archaeological, and fish and wildlife resources. The division is responsible for:

- Access and landowner relations for hunting, fishing, and other types of recreation on public and private lands
- Trail and shooting range grant programs
- Americorps and Volunteer Program
- Block Management Program
- Heritage Program
- Hunting Access Program
- Off-Highway Vehicle and Snowmobile Program
- Planning Unit
- Recreation management and visitor services for state parks, fishing access sites and wildlife
- River recreation
- Shooting range development
- Stewardship
- Trail coordination and planning

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	(197,384)	0	(197,384)		0.00	0	(180,397)	0	(180,397)
DP 3 - Inflation Deflation										
0.00	0	(19,822)	0	(19,822)		0.00	0	(13,396)	0	(13,396)
DP 603 - Region 4 Smith River-Budget Authority Increase										
0.00	0	40,000	0	40,000		0.00	0	40,000	0	40,000
DP 606 - Recreational Equipment (BIEN/OTO)										
0.00	0	149,500	0	149,500		0.00	0	0	0	0
Grand Total All Present Law Adjustments										
0.00	\$0	(\$27,706)	\$0	(\$27,706)		0.00	\$0	(\$153,793)	\$0	(\$153,793)

***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

Parks and Outdoor Recreation Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	\$225,600
Management Changes	(422,944)
Budget Modifications	(40)
Total	(\$197,384)

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 603 - Region 4 Smith River-Budget Authority Increase -

The executive proposes an increase in state special revenue authority to support increased operating costs. This proposal is to be funded out of the Smith River Corridor Enhancement state special revenue fund, which receives revenues from charges for services, permit and license fees, outfitter fees, and other miscellaneous income related to the Smith River recreational activities.

DP 606 - Recreational Equipment (BIEN/OTO) -

The executive proposes a one-time-only and biennial appropriation from state special revenue for small equipment purchases.

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 604 - Gartside Reservoir FAS Dam Operator										
0.00	0	25,000	0	25,000		0.00	0	25,000	0	25,000
DP 605 - State Parks Statewide Resources										
7.35	0	471,258	0	471,258		7.35	0	471,258	0	471,258
Total	7.35	\$0	\$496,258	\$0	\$496,258	7.35	\$0	\$496,258	\$0	\$496,258

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

DP 604 - Gartside Reservoir FAS Dam Operator -

The executive proposes state special revenue to fund a contractor to assume duties as the Gartside Reservoir Dam Operator. Duties are currently performed by FWP maintenance staff located in Miles City (approximately 120 miles from dam location). Gartside Reservoir Dam is classified by DNRC as a High Hazard Dam.

DP 605 - State Parks Statewide Resources -

The executive proposes 7.35 PB to the Montana State Parks system.

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	27.50	34.50	34.50	7.00	12.7%
State/Other Special Rev. Funds	4,502,852	4,864,716	4,870,722	729,734	8.1%
Federal Spec. Rev. Funds	1,033,441	1,391,232	1,376,532	700,882	33.9%
Total Funds	5,536,293	6,255,948	6,247,254	1,430,616	12.9%
Personal Services	2,590,863	3,081,443	3,090,729	990,446	19.1%
Operating Expenses	2,584,108	2,774,183	2,756,203	362,170	7.0%
Equipment & Intangible Assets		39,000	39,000	78,000	0.0%
Grants	357,322	357,322	357,322		0.0%
Benefits & Claims	2,000	2,000	2,000		0.0%
Transfers	2,000	2,000	2,000		0.0%
Total Expenditures	5,536,293	6,255,948	6,247,254	1,430,616	12.9%
Total Ongoing	5,536,293	6,205,476	6,196,782	1,329,672	12.0%
Total One-Time-Only		50,472	50,472	100,944	0.0%

Program Highlights

Communication and Education Division Major Budget Highlights

The executive proposes an increase of 12.9% or \$1.4 million above base funding. In addition to statewide present law adjustment of \$67,200 this includes:

- Additional state parks staff, 7.00 PB: \$934,500
- Montana Outdoor Magazine operations: \$250,000
- Temporary publication specialist one-time-only: \$109,900
- Equipment: \$78,000

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.

Communication and Education 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	0	4,502,852	1,033,441	5,536,293	88.5%	0	4,502,852	1,033,441	5,536,293	88.6%
Statewide PL										
Personal Services	0	33,125	0	33,125	0.5%	0	42,411	0	42,411	0.7%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(4,997)	0	(4,997)	(0.1%)	0	(3,377)	0	(3,377)	(0.1%)
Total Statewide PL	0	28,128	0	28,128	0.4%	0	39,034	0	39,034	0.6%
Present Law (PL)	0	125,000	0	125,000	2.0%	0	125,000	0	125,000	2.0%
New Proposals	0	208,736	357,791	566,527	9.1%	0	203,836	343,091	546,927	8.8%
Total HB 2 Adjustments	0	361,864	357,791	719,655	11.5%	0	367,870	343,091	710,961	11.4%
Total Requested Budget	0	4,864,716	1,391,232	6,255,948		0	4,870,722	1,376,532	6,247,254	

Funding

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

Department of Fish, Wildlife, and Parks, 08-Communication and Education Division 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%
02409 General License	9,566,582	100,944	0	0	9,667,526	99.3%
02411 State Parks Miscellaneous	67,912	0	0	0	67,912	0.7%
State Special Total	\$9,634,494	\$100,944	\$0	\$0	\$9,735,438	77.9%
03097 Fish(WB)-Wildlf(Pr) Restor Grnt	2,691,542	0	0	0	2,691,542	97.2%
03403 Misc Federal Funds	76,222	0	0	0	76,222	2.8%
Federal Special Total	\$2,767,764	\$0	\$0	\$0	\$2,767,764	22.1%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$12,402,258	\$100,944	\$0	\$0	\$12,503,202	

The division is funded almost entirely from the state general license account and federal sources. State special revenues are from the sale of fishing and hunting licenses, camping fees, permit sales, commercial use fees, and other miscellaneous state revenues. Federal revenue sources are from an excise tax on the sale of fishing gear, sporting arms, and ammunition.

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	27.50	27.50	34.50	34.50
Personal Services	2,699,821	2,708,782	2,590,863	3,081,443	3,090,729
Operating Expenses	2,061,599	2,276,671	2,584,108	2,774,183	2,756,203
Equipment & Intangible Assets	0	0	0	39,000	39,000
Grants	339,722	363,943	357,322	357,322	357,322
Benefits & Claims	0	2,000	2,000	2,000	2,000
Transfers	0	0	2,000	2,000	2,000
Total Expenditures	\$5,101,142	\$5,351,396	\$5,536,293	\$6,255,948	\$6,247,254
State/Other Special Rev. Funds	4,199,534	4,383,304	4,502,852	4,864,716	4,870,722
Federal Spec. Rev. Funds	901,608	968,092	1,033,441	1,391,232	1,376,532
Total Funds	\$5,101,142	\$5,351,396	\$5,536,293	\$6,255,948	\$6,247,254
Total Ongoing	\$5,101,142	\$5,351,396	\$5,536,293	\$6,205,476	\$6,196,782
Total OTO	\$0	\$0	\$0	\$50,472	\$50,472

Program Description

The **Communication & Education Division** is the information and education section of FWP. The division is responsible for:

- Distributing public information through various media outlets, including Montana Outdoors Magazine
- Coordinating youth education programs
- Coordinating the production of hunting, fishing, and trapping regulations
- Coordinating the hunter, bow-hunter, trapper, boat education, and safety programs
- Managing FWP's website and social media platform
- Marketing and Communication
- Overseeing the Montana Wild Education Center

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	33,125	0	33,125		0.00	0	42,411	0	42,411
DP 3 - Inflation Deflation										
0.00	0	(4,997)	0	(4,997)		0.00	0	(3,377)	0	(3,377)
DP 803 - MT Outdoors Ops Increase										
0.00	0	125,000	0	125,000		0.00	0	125,000	0	125,000
Grand Total All Present Law Adjustments										
0.00	\$0	\$153,128	\$0	\$153,128		0.00	\$0	\$164,034	\$0	\$164,034

*"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

Communications and Educations Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	\$42,493
Management Changes	(9,368)
Budget Modifications	-
Total	\$33,125

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 803 - MT Outdoors Ops Increase -

The executive proposes an increase in state special revenue to produce the Montana Outdoor Magazine. This funding would cover inflationary increases in printing, mailing and operations costs.

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 801 - Education Technician Resources	7.00	0	119,264	357,791	477,055	7.00	0	114,364	343,091	457,455
DP 802 - Com Ed Equipment	0.00	0	39,000	0	39,000	0.00	0	39,000	0	39,000
DP 805 - Publication Specialist (OTO)	0.00	0	50,472	0	50,472	0.00	0	50,472	0	50,472
Total	7.00	\$0	\$208,736	\$357,791	\$566,527	7.00	\$0	\$203,836	\$343,091	\$546,927

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

DP 801 - Education Technician Resources -

The executive proposes state special revenue authority to fund 7.00 PB to enhance regional customer service, expand outdoor education programs (like boating safety and hunter education), and support regional offices during peak seasons by assisting with licensing, vessel checks, animal tagging, and public inquiries.

DP 802 - Com Ed Equipment -

The executive proposes to establish an equipment budget funded with state special revenue for the Communication and Education Division. This base equipment budget addition will allow the purchase and replacement of equipment on an annual basis.

DP 805 - Publication Specialist (OTO) -

The executive proposes a one-time-only temporary position to facilitate the transition of a new Montana Outdoors editor. The modified position would fund the retention of the retiring editor during the transition period to a new editor and to update public program materials.

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	148.52	156.52	156.52	8.00	2.7%
State/Other Special Rev. Funds	23,744,970	27,165,911	27,365,846	7,041,817	14.8%
Federal Spec. Rev. Funds	1,759,127	1,759,127	1,759,127		0.0%
Total Funds	25,504,097	28,925,038	29,124,973	7,041,817	13.8%
Personal Services	13,844,252	14,757,734	14,813,379	1,882,609	6.8%
Operating Expenses	9,674,707	12,182,166	12,326,456	5,159,208	26.7%
Equipment & Intangible Assets	27,638	27,638	27,638		0.0%
Benefits & Claims	3,000	3,000	3,000		0.0%
Transfers	1,376,979	1,376,979	1,376,979		0.0%
Debt Service	577,521	577,521	577,521		0.0%
Total Expenditures	25,504,097	28,925,038	29,124,973	7,041,817	13.8%
Total Ongoing	25,504,097	28,925,038	29,124,973	7,041,817	13.8%
Total One-Time-Only	100,000			(200,000)	(100.0%)

Program Highlights

Administration Division Major Budget Highlights
<p>The executive proposes an increase of 13.8% or \$7.0 million above base funding. In addition to statewide present law adjustment of \$797,400 this includes:</p> <ul style="list-style-type: none"> • Vehicle fleet rate increases: \$2.6 million • Additional staff, 8.00 PB: \$1.9 million • Support for US Geological Stream Gage network: \$630,000 • Legal caseload increases: \$570,500 • Aircraft rate increase: \$422,200 • Irrigation infrastructure improvement: \$100,000 • Employee development: \$32,000 • Havre Area Office operation and maintenance: \$26,262

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.

Administration 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	23,744,970	1,759,127	25,504,097	88.2%	0	23,744,970	1,759,127	25,504,097	87.6%
Statewide PL										
Personal Services	0	168,136	0	168,136	0.6%	0	210,219	0	210,219	0.7%
Fixed Costs	0	220,652	0	220,652	0.8%	0	201,702	0	201,702	0.7%
Inflation Deflation	0	(1,997)	0	(1,997)	(0.0%)	0	(1,350)	0	(1,350)	(0.0%)
Total Statewide PL	0	386,791	0	386,791	1.3%	0	410,571	0	410,571	1.4%
Present Law (PL)	0	2,095,804	0	2,095,804	7.2%	0	2,291,397	0	2,291,397	7.9%
New Proposals	0	938,346	0	938,346	3.2%	0	918,908	0	918,908	3.2%
Total HB 2 Adjustments	0	3,420,941	0	3,420,941	11.8%	0	3,620,876	0	3,620,876	12.4%
Total Requested Budget	0	27,165,911	1,759,127	28,925,038		0	27,365,846	1,759,127	29,124,973	

Funding

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

Department of Fish, Wildlife, and Parks, 09-Administration 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%
02061 Nongame Wildlife Account	186,718	0	0	0	186,718	0.3%
02086 Mountain Sheep Account	64,000	0	0	0	64,000	0.1%
02112 Moose Auction	4,666	0	0	0	4,666	0.0%
02176 Mountain Goat Auction	3,000	0	0	0	3,000	0.0%
02334 Hunting Access	271,440	0	0	0	271,440	0.5%
02408 Coal Tax Trust Account	10,000	0	0	0	10,000	0.0%
02409 General License	52,663,247	0	0	1,114,826	53,778,073	96.0%
02411 State Parks Miscellaneous	1,071,054	0	0	124,702	1,195,756	2.1%
02469 Habitat Trust Interest	77,998	0	0	226,298	304,296	0.5%
02543 Search and Rescue - General	10,168	0	0	0	10,168	0.0%
02559 Mule Deer Auction	2,800	0	0	0	2,800	0.0%
02560 Elk Auction	6,666	0	0	0	6,666	0.0%
02600 Hunters Against Hunger	160,000	0	0	0	160,000	0.3%
State Special Total	\$54,531,757	\$0	\$0	\$1,465,826	\$55,997,583	65.7%
03097 Fish(WB)-Wildlf(Pr) Restor Grnt	3,292,438	0	0	625,400	3,917,838	94.6%
03098 Parks Federal Revenue	225,816	0	0	0	225,816	5.4%
Federal Special Total	\$3,518,254	\$0	\$0	\$625,400	\$4,143,654	4.9%
06502 FWP Fleet Fund	0	0	7,767,210	0	7,767,210	30.9%
06503 F & G Warehouse Inventory	0	0	208,372	0	208,372	0.8%
06513 FWP Maintenance Fund	0	0	15,798,287	0	15,798,287	62.9%
06540 DFWP Aircraft	0	0	1,349,034	0	1,349,034	5.4%
Proprietary Total	\$0	\$0	\$25,122,903	\$0	\$25,122,903	29.5%
Total All Funds	\$58,050,011	\$0	\$25,122,903	\$2,091,226	\$85,264,140	

The division is funded primarily with state special revenue from the sale of hunting and fishing licenses. Proprietary revenue includes charges for the vehicle fleet, and warehouse fees. Statutory expenditures are for Payment in Lieu of Taxes (PILT). PILT are payments to local governments to help offset losses in property taxes due to the existence of state or federal lands not subject to property taxes.

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	148.52	148.52	156.52	156.52
Personal Services	13,253,979	13,395,414	13,844,252	14,757,734	14,813,379
Operating Expenses	8,710,236	9,863,017	9,774,707	12,182,166	12,326,456
Equipment & Intangible Assets	9,945	27,638	27,638	27,638	27,638
Benefits & Claims	1,000	3,000	3,000	3,000	3,000
Transfers	1,026,725	1,255,979	1,376,979	1,376,979	1,376,979
Debt Service	565,868	566,521	577,521	577,521	577,521
Total Expenditures	\$23,567,753	\$25,111,569	\$25,604,097	\$28,925,038	\$29,124,973
State/Other Special Rev. Funds	22,275,474	23,552,627	23,844,970	27,165,911	27,365,846
Federal Spec. Rev. Funds	1,292,279	1,558,942	1,759,127	1,759,127	1,759,127
Total Funds	\$23,567,753	\$25,111,569	\$25,604,097	\$28,925,038	\$29,124,973
Total Ongoing	\$23,567,753	\$25,011,569	\$25,504,097	\$28,925,038	\$29,124,973
Total OTO	\$0	\$100,000	\$100,000	\$0	\$0

Program Description

The Administration Division is responsible for operating the Legal Unit; Human Resources; Lands and Water Unit; Operations and Fiscal Services, and the outlying seven regional offices. This division also provides oversight of the Communication and Education, Enforcement, Fisheries, Parks and Outdoor Recreation, and Wildlife Divisions.

Operations and Financial Services provides centralized services, quality guidance to all divisions and regions throughout the agency including:

- Accounting, fiscal management and budget preparation
- Administrative support to divisions and regions
- Agency facility maintenance
- Capital outlay
- Financial Assistance and Compliance
- Hunting, fishing, and other recreational license sales
- Maintain biological and GIS applications
- Managing federal aid
- Maintaining internal control procedures
- Procurement and property management

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	168,136	0	168,136	0.00	0	210,219	0	210,219
DP 2 - Fixed Costs	0.00	0	220,652	0	220,652	0.00	0	201,702	0	201,702
DP 3 - Inflation Deflation	0.00	0	(1,997)	0	(1,997)	0.00	0	(1,350)	0	(1,350)
DP 902 - USGS Funding	0.00	0	300,000	0	300,000	0.00	0	330,000	0	330,000
DP 905 - Irrigation Infrastructure Improvements	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
DP 909 - Organizational Development Operations	0.00	0	16,000	0	16,000	0.00	0	16,000	0	16,000
DP 911 - Fleet Rate Base Increase	0.00	0	1,230,283	0	1,230,283	0.00	0	1,375,913	0	1,375,913
DP 912 - Aircraft Rate Base Increase	0.00	0	201,120	0	201,120	0.00	0	221,083	0	221,083
DP 914 - Havre Area Office Ongoing Operations and Maintenance	0.00	0	13,131	0	13,131	0.00	0	13,131	0	13,131
DP 918 - Legal Unit Operations	0.00	0	285,270	0	285,270	0.00	0	285,270	0	285,270
Grand Total All Present Law Adjustments	0.00	\$0	\$2,482,595	\$0	\$2,482,595	0.00	\$0	\$2,701,968	\$0	\$2,701,968

***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

Administration Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	(\$136,507)
Management Changes	304,643
Budget Modifications	-
Total	\$168,136

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: 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 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 902 - USGS Funding -

The executive proposes an increase in state special revenue authority to contract with United States Geological Survey (USGS) to provide stream gaging services. This service provides real-time data via the USGS website in addition to quality-controlled data compiled for each site.

DP 905 - Irrigation Infrastructure Improvements -

The executive proposes an increase in state special revenue authority to work with water users across the state on improving the efficiency of irrigation practices, upgrading irrigation infrastructure and/or leasing of water to improve instream flows for trout and other aquatic organisms. This proposal would support one or more large projects each biennium.

DP 909 - Organizational Development Operations -

The executive proposes an increase in state special revenue for in person employee training for new employees, supervisors, and agency leadership training.

DP 911 - Fleet Rate Base Increase -

The executive proposes an increase in state special revenue authority for increases in fleet proprietary rates. FWP operates a proprietary fleet program like the MDT motor pool program. Each biennium rates are calculated in the proprietary program to ensure that the agency is equipped with safe, secure, and reliable vehicles for all staff statewide.

DP 912 - Aircraft Rate Base Increase -

The executive proposes an increase in state special revenue authority for increases in aircraft proprietary rates. FWP operates a proprietary aircraft unit. Each biennium rates are calculated in the proprietary program to ensure that the agency is equipped with safe, secure, and reliable aircraft to perform wildlife surveys, fish planting and general flight needs.

DP 914 - Havre Area Office Ongoing Operations and Maintenance -

The executive proposes an increase in state special revenue for ongoing operations and maintenance costs of the new Havre Area Office facility approved in House Bill 5 during the 2021 legislative session. This proposal would increase the base budget.

**LFD
COMMENT**

HB 5 Appropriation for operation and maintenance.

HB 5 of the 2021 session included an appropriation of \$26,261 for the Havre Area Office and was included in the agencies base budget. This appropriation is required under 17-7-210, MCA.

DP 918 - Legal Unit Operations -

The executive proposes an increase in state special authority to support a threefold increase in caseloads and inflationary costs in the legal unit. This proposal would fund an attorney to address the workload as well as an increase to the operations resources available for the contracts and litigation costs.

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 901 - Land & Water Hydrology Resources	1.00	0	111,836	0	111,836	1.00	0	115,403	0	115,403
DP 904 - Aircraft Pilot Resources	1.00	0	105,441	0	105,441	1.00	0	105,986	0	105,986
DP 906 - Research Unit Resources	2.00	0	240,337	0	240,337	2.00	0	226,014	0	226,014
DP 907 - FWP Genetics Program Resources	2.00	0	213,617	0	213,617	2.00	0	204,390	0	204,390
DP 910 - Statewide Fish Health Resources	2.00	0	267,115	0	267,115	2.00	0	267,115	0	267,115
Total	8.00	\$0	\$938,346	\$0	\$938,346	8.00	\$0	\$918,908	\$0	\$918,908

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

DP 901 - Land & Water Hydrology Resources -

The executive proposes 1.00 PB to work on aquatic habitat protection through expanded surface water measurements, technical investigations, and stream gage programming across Montana.

DP 904 - Aircraft Pilot Resources -

The executive proposes to add a new staff pilot, 1.00 PB in the Great Falls and Lewistown area. The department's pilots conduct wildlife surveys and stock remote mountain lakes.

DP 906 - Research Unit Resources -

The executive proposes to add a fisheries research biologist and a research coordinator, 2.00 PB, to the agency's research unit.

DP 907 - FWP Genetics Program Resources -

The executive proposes to expand the genetics program within the Research Unit by 2.00 PB. The expansion would meet growing demand for fisheries and wildlife genetic services. This includes adding in-house expertise to support conservation efforts, manage hatchery brood stock, and address Endangered Species listings.

DP 910 - Statewide Fish Health Resources -

The executive proposes to expand the fish health lab staff by 2.00 PB. New positions would include a disease ecologist, and a technician.

DEPARTMENT OF ENVIRONMENTAL QUALITY

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Dept. of Fish, Wildlife, & Parks
Dept. of Environmental Quality
Dept. of Transportation

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

-----Committee Members-----

House

Representative Jerry Schillinger (Chair)
Representative Eric Albus
Representative Debo Powers

Senate

Senator Mike Cuffe (Vice Chair)
Senator Kenneth Bogner
Senator Jane Ellis

-----Fiscal Division Staff-----

Rob Miller
Alice Hecht
Barb Wagner

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	367.04	376.04	376.04	9.00	1.2%
General Fund	6,751,689	8,286,014	8,292,637	3,075,273	22.8%
State/Other Special Rev. Funds	34,851,429	37,198,365	37,238,796	4,734,303	6.8%
Federal Spec. Rev. Funds	25,843,362	26,424,836	26,446,828	1,184,940	2.3%
Total Funds	67,446,480	71,909,215	71,978,261	8,994,516	6.7%
Personal Services	34,929,402	36,423,717	36,508,445	3,073,358	4.4%
Operating Expenses	27,011,859	29,980,279	29,964,597	5,921,158	11.0%
Equipment & Intangible Assets	101,740	101,740	101,740		0.0%
Grants	1,938,835	1,938,835	1,938,835		0.0%
Benefits & Claims	425,000	425,000	425,000		0.0%
Transfers	3,039,644	3,039,644	3,039,644		0.0%
Total Expenditures	67,446,480	71,909,215	71,978,261	8,994,516	6.7%
Total Ongoing	67,446,480	71,909,215	71,978,261	8,994,516	6.7%
Total One-Time-Only	1,513,825			(3,027,650)	(100.0%)

Agency Highlights

**Department of Environmental Quality
Major Budget Highlights**

The executive proposes an increase of 6.7% or \$9.0 million in total appropriations above base funding. In addition to statewide present law adjustments of \$1.7 million the executive proposes:

- Mine reclamation: \$4.9 million
- Additional 9.00 PB to support increasing case load and applications: \$2.3 million
- Board of Environmental Review operations: \$80,000

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 Environmental Quality 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	6,751,689	34,851,429	25,843,362	67,446,480	93.8%	6,751,689	34,851,429	25,843,362	67,446,480	93.7%
Statewide PL										
Personal Services	530,149	(561,153)	466,499	435,495	0.6%	552,532	(521,938)	490,027	520,621	0.7%
Fixed Costs	292,082	100,239	13,454	405,775	0.6%	274,847	97,301	8,454	380,602	0.5%
Inflation Deflation	(5,772)	(12,814)	(10,685)	(29,271)	(0.0%)	(3,899)	(8,659)	(7,221)	(19,779)	(0.0%)
Total Statewide PL	816,459	(473,728)	469,268	811,999	1.1%	823,480	(433,296)	491,260	881,444	1.2%
Present Law (PL)	293,344	2,620,664	112,206	3,026,214	4.2%	292,946	2,620,663	112,206	3,025,815	4.2%
New Proposals	424,522	200,000	0	624,522	0.9%	424,522	200,000	0	624,522	0.9%
Total HB 2 Adjustments	1,534,325	2,346,936	581,474	4,462,735	6.2%	1,540,948	2,387,367	603,466	4,531,781	6.3%
Total Requested Budget	8,286,014	37,198,365	26,424,836	71,909,215		8,292,637	37,238,796	26,446,828	71,978,261	

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 2023 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 2023 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 Environmental Quality DP 1 Personal Services State Wide 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>
Central Management Program	\$43,333	(\$36,916)	\$0	\$6,417
Water Quality Division	9,029	174,103	-	183,132
Waste Management & Remediation	78,693	230,089	-	308,782
Air Energy & Mining	(100,800)	14,068	-	(86,732)
Petro Tank Release Compensation Board	2,996	20,900	-	23,896
DP 1 - Personal Services	\$33,251	\$402,244	\$0	\$435,495

In Fiscal Year 2025, the Department of Environmental Quality received an appropriation of \$35.3 million to fund PB. Personal services accounted for 51.1% of the total appropriations.

The department's proposed 376.04 PB are distributed across five divisions and programs:

- Central Management Program: 22.23 PB
- Water Quality Division: 143.67 PB
- Waste Management and Remediation Division: 102.36 PB
- Air, Energy, and Mining Division: 101.03 PB
- Petroleum Tank Release Compensation Board: 6.75 PB

Statewide present law adjustments for personal services in FY 2026 total about \$435,500. Legislative changes include increases in benefits and salaries budgeted for vacant positions. The agency did not fully utilize the HB 13 pay plan due to higher than anticipated vacant positions. Increases due to management decisions included increases for performance adjustments, retention incentives, and promotions.

As proposed by the executive, the 2027 biennium budget would add 9.00 new PB increasing the agency budget by 6.7% or \$9.0 million above base funding. This increase would be funded with \$3.1 million in general fund, \$4.7 million in state special revenue, and \$1.2 million in federal funds. All new funding is proposed as ongoing.

New Positions Budgeted

The executive proposes an increase of \$2.3 million, primarily from the general fund, to support the addition of 9.00 new positions budgeted, with 2.00 in the Central Management Division and 7.00 in the Water Quality Division. This proposed funding increase will cover personal services and operating costs associated with the new positions.

In the Central Management Division 2.00 new positions, a lawyer and legal secretary, would be added to deal with an increasing legal caseload.

In the Water Quality Division, the executive proposes to make permanent 3.00 PB approved by the 2023 Legislature as one-time-only to work on subdivision applications. Additionally, 2.00 new positions are proposed to implement the Safe Drinking Water Act. These positions would work on drafting rules and conducting sampling to ensure compliance with EPA standards for PFAS/PFOA. Other new positions include 1.00 PB as an engineering compliance specialist, tasked with handling compliance investigations and providing training related to subdivision and water/wastewater regulations, and 1.00 PB for a wastewater technical advisor to assist municipalities with system optimization and operator training.

The table below summarizes the proposed budget for the new positions.

Department of Environmental Quality Proposed New Positions Budgeted			
	Central Management <u>Division</u>	Water Quality <u>Division</u>	<u>Total</u>
Positions Budgeted	2.00	7.00	9.00
Expenditures			
Personal Services	\$399,498	\$1,417,744	\$1,817,242
Operating Expense	106,792	397,037	503,829
Total Expenditures	\$506,290	\$1,814,781	\$2,321,071
Funding			
General Fund	\$506,290	\$849,044	\$1,355,334
State Special Revenue	-	741,325	741,325
Federal Special Revenue	-	224,412	224,412
Total Funding	\$506,290	\$1,814,781	\$2,321,071

Mine Reclamation

As proposed by the executive the 2027 biennium budget would include \$4.9 million in state special revenue for mine reclamation.

The executive also proposes increasing state special revenue by \$500,000 for reclamation work at the CR Kendall mine site. This funding would be contingent on the passage of LC0540 – “Revise distributions mine remediation”. If approved statute would be changed to replace funding from surety bond proceeds for the CR Kendall Mine which have been exhausted. Additionally, the executive is requesting the authority to expend \$400,000 from the forfeiture of surety bonds and \$3.6 million from the hard rock reclamation state special revenue fund to support the operation and maintenance of the Zortman/Landusky and CR Kendall mine sites. Lastly, there is a proposal to increase state special revenue by \$400,000 for implementing the Metal Mine Reclamation Act (MMRA), dependent on the passage of LC0538 – “Revise hard rock mining fees, account”, which establishes a new fee structure dedicated to metal mine reclamation.

The executive also proposes \$80,000 in general fund to support increased case load at the Board of Environmental Review.

Funding

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

Total Department of Environmental Quality 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	16,578,651				16,578,651	9.5%
02058 Petroleum Storage Tank Cleanup	7,411,435			10,500,000	17,911,435	10.3%
02201 Air Quality-Operating Fees	7,320,646				7,320,646	4.2%
02278 MPDES Permit Program	7,007,137				7,007,137	4.0%
02988 Hard Rock Mining Reclamation	6,252,704				6,252,704	3.6%
02576 Natural Resources Operations	5,231,196				5,231,196	3.0%
Other State Special Revenue	41,214,043				41,214,043	23.7%
State Special Revenue Total	74,437,161	-	-	10,500,000	84,937,161	48.7%
03433 EPA Perf Partnership Grant	12,656,372				12,656,372	7.3%
03036 DEQ - Federal Aml Grant	8,756,129				8,756,129	5.0%
03816 DOI OSM A&E Grant	4,458,027				4,458,027	2.6%
03595 DW24 SRF Grant	3,862,698				3,862,698	2.2%
03231 NPS25 Staffing Grant	2,175,108				2,175,108	1.2%
Other Federal Special Revenue	20,963,330				20,963,330	12.0%
Federal Special Revenue Total	52,871,664	-	-	-	52,871,664	30.3%
06509 DEQ Indirects			19,872,506		19,872,506	11.4%
Proprietary Fund Total	-	-	19,872,506	-	19,872,506	11.4%
Total of All Funds	143,887,476	-	19,872,506	10,500,000	174,259,982	
Percent of All Sources of Authority	82.6%	0.0%	11.4%	6.0%		

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	367.04	367.04	376.04	376.04
Personal Services	29,026,795	33,670,229	35,253,427	36,423,717	36,508,445
Operating Expenses	18,679,506	27,818,459	28,201,659	29,980,279	29,964,597
Equipment & Intangible Assets	360,243	238,395	101,740	101,740	101,740
Capital Outlay	1,531,886	1,445,500	0	0	0
Grants	1,815,250	1,938,835	1,938,835	1,938,835	1,938,835
Benefits & Claims	348,053	425,000	425,000	425,000	425,000
Transfers	496,892	1,618,644	3,039,644	3,039,644	3,039,644
Total Expenditures	\$52,258,625	\$67,155,062	\$68,960,305	\$71,909,215	\$71,978,261
General Fund	6,709,708	6,797,215	7,165,514	8,286,014	8,292,637
State/Other Special Rev. Funds	24,304,542	35,109,635	35,951,429	37,198,365	37,238,796
Federal Spec. Rev. Funds	21,244,375	25,248,212	25,843,362	26,424,836	26,446,828
Total Funds	\$52,258,625	\$67,155,062	\$68,960,305	\$71,909,215	\$71,978,261
Total Ongoing	\$51,861,805	\$65,615,926	\$67,446,480	\$71,909,215	\$71,978,261
Total OTO	\$396,820	\$1,539,136	\$1,513,825	\$0	\$0

Agency Description

The Department of Environmental Quality (DEQ) is responsible for regulating various environmental aspects in Montana, including air and water quality, waste management, mining operations, and energy facility siting. The department's responsibilities extend to reclamation and cleanup activities related to federal and state superfund programs and leaking underground storage tanks.

DEQ's work is carried out through four main programs: Central Management, Water Quality, Waste Management & Remediation, and Air, Energy, & Mining. Additionally, the Petroleum Tank Compensation Board and the Libby Asbestos Superfund Oversight Committee are administratively attached to the department.

The department operates in partnership with federal agencies, primarily the Environmental Protection Agency (EPA) and the Department of Interior's Office of Surface Mining. While Congress initially tasked the EPA with developing and implementing environmental protection measures, many federal statutes allow for delegation of programs to states that demonstrate the capacity to manage them effectively.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The agency expended 77.8% of the \$67.2 million HB 2 budget in FY 2024, leaving \$14.9 million of authority unexpended.

The FY 2024 budget included appropriations for personal services totaling \$33.7 million and were 86.2% expended leaving \$4.6 million unexpended for fiscal year 2024. The department has 370.04 HB 2 PB of which 40.57 PB were vacant at year end.

Operating expenses budgeted for FY 2024 totaled \$27.8 million and were 67.1% expended leaving \$9.1 million unexpended. Unexpended operating authority for waste management programs totaled \$3.1 million, air quality and mining programs had unexpended authority of \$2.2 million, and water quality programs \$1.7 million. Operating expenditures budgeted for administration was \$1.8 million unexpended. Other operating expense in support of the Petroleum Tank Release Compensation Board, and the Libby Asbestos Advisory Team were \$300,000 unexpended.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Total appropriations in FY 2025 increased by 2.7% or \$1.8 million when compared to FY 2024 appropriations. Appropriations for personal services increased by 4.7% or \$1.6 million due to the legislative pay plan and management decisions related to promotion and retention. Increases in personal services were funded primarily with \$807,600 of state special revenue, \$441,400 of federal special revenue, and \$334,167 of general fund. Operating expenditures increased by 1.1% or \$298,300. Authority for equipment purchases decreased by \$100,000.

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 Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Department of Environmental Quality Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
Program	Legislative Budget	Executive Modifications	Base Budget	Percent Change
<u>Central Management</u>				
Personal Services	\$2,146,750	-	\$2,146,750	0.0%
Operating Expenses	2,961,769	-	2,961,769	0.0%
Central Management Program Total	5,108,519	-	5,108,519	0.0%
<u>Water Quality</u>				
Personal Services	13,140,844	-	13,140,844	0.0%
Operating Expenses	6,323,619	-	6,323,619	0.0%
Grants	252,020		252,020	0.0%
Transfers	4,001		4,001	0.0%
Water Quality Total	19,720,484	-	19,720,484	0.0%
<u>Waste Management & Remediation</u>				
Personal Services	9,434,405	-	9,434,405	0.0%
Operating Expenses	9,805,455	-	9,805,455	0.0%
Grants	1,686,815		1,686,815	0.0%
Benefits & Claims	425,000		425,000	0.0%
Transfers	2,714,699	-	2,714,699	0.0%
Waste Management & Remediation Total	24,066,374	-	24,066,374	0.0%
<u>Air Energy and Mining</u>				
Personal Services	9,637,711		9,637,711	0.0%
Operating Expenses	7,399,742		7,399,742	0.0%
Equipment & Intangible Assets	101,740		101,740	0.0%
Transfers	13,698		13,698	0.0%
Air Energy and Mining Total	17,152,891	-	17,152,891	0.0%
<u>Libby Asbestos Advisory Team</u>				
Operating Expenses	181,440		181,440	0.0%
Transfers	307,246		307,246	0.0%
Libby Asbestos Advisory Team Total	488,686	-	488,686	0.0%
<u>Petroleum Tank Release Compensation Board</u>				
Personal Services	569,692		569,692	0.0%
Operating Expenses	339,834		339,834	0.0%
Petroleum Tank Release Total	909,526	-	909,526	0.0%
Agency Total	\$67,446,480	-	\$67,446,480	0.0%

The agency made no changes to the base.

HB 2 Language -

"The Water Quality Division is authorized to decrease federal special revenue and increase state special revenue in the drinking water or water pollution control revolving loan programs by a like amount within the administration account, when the amount of federal capitalization funds has been expended or when federal funds and bond proceeds will be used for other program purposes."

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 FY 2025	Requested Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	20.23	22.23	22.23	2.00	4.9%
General Fund	1,309,529	1,872,582	1,879,601	1,133,125	43.3%
State/Other Special Rev. Funds	2,697,560	2,697,560	2,697,560		0.0%
Federal Spec. Rev. Funds	1,101,430	873,770	874,551	(454,539)	(20.6%)
Total Funds	5,108,519	5,443,912	5,451,712	678,586	6.6%
Personal Services	2,146,750	2,353,115	2,362,807	422,422	9.8%
Operating Expenses	2,961,769	3,090,797	3,088,905	256,164	4.3%
Total Expenditures	5,108,519	5,443,912	5,451,712	678,586	6.6%
Total Ongoing	5,108,519	5,443,912	5,451,712	678,586	6.6%
Total One-Time-Only					0.0%

Program Highlights

Central Management Program Major Budget Highlights

The executive proposes an increase of 4.9% or \$678,600 in total appropriations above base funding. In addition to statewide present law adjustments of \$92,300 the executive proposes:

- New positions for legal staff, 2.00 PB: \$506,300
- Board of Environmental Review operations increase: \$80,000

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.

Central Management Program 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	1,309,529	2,697,560	1,101,430	5,108,519	93.8%	1,309,529	2,697,560	1,101,430	5,108,519	93.7%
Statewide PL										
Personal Services	234,077	0	(227,660)	6,417	0.1%	243,386	0	(226,879)	16,507	0.3%
Fixed Costs	36,494	0	0	36,494	0.7%	34,322	0	0	34,322	0.6%
Inflation Deflation	(862)	0	0	(862)	(0.0%)	(582)	0	0	(582)	(0.0%)
Total Statewide PL	269,709	0	(227,660)	42,049	0.8%	277,126	0	(226,879)	50,247	0.9%
Present Law (PL)	293,344	0	0	293,344	5.4%	292,946	0	0	292,946	5.4%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	563,053	0	(227,660)	335,393	6.2%	570,072	0	(226,879)	343,193	6.3%
Total Requested Budget	1,872,582	2,697,560	873,770	5,443,912		1,879,601	2,697,560	874,551	5,451,712	

Funding

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

Department of Environmental Quality, 10-Central Management Program Funding by Source of Authority						
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds
01100 General Fund	3,752,183	0	0	0	3,752,183	12.2%
02070 Hazardous Waste-CERCLA	270,508	0	0	0	270,508	5.0%
02075 UST Leak Prevention Program	82,270	0	0	0	82,270	1.5%
02097 Environmental Rehab & Response	500,434	0	0	0	500,434	9.3%
02157 Solid Waste Management Fee	124,506	0	0	0	124,506	2.3%
02201 Air Quality-Operating Fees	413,450	0	0	0	413,450	7.7%
02202 Asbestos Control	128,334	0	0	0	128,334	2.4%
02204 Public Drinking Water	290,482	0	0	0	290,482	5.4%
02223 Wastewater SRF Special Admin	5,430	0	0	0	5,430	0.1%
02278 MPDES Permit Program	499,808	0	0	0	499,808	9.3%
02418 Subdivision Plat Review	146,000	0	0	0	146,000	2.7%
02428 Major Facility Siting	785,888	0	0	0	785,888	14.6%
02542 MT Environ Policy Act Fee	1,945,678	0	0	0	1,945,678	36.1%
02576 Natural Resources Operations	84,110	0	0	0	84,110	1.6%
02845 Junk Vehicle Disposal	104,220	0	0	0	104,220	1.9%
02955 State Energy conservation ARRA	14,002	0	0	0	14,002	0.3%
State Special Total	\$5,395,120	\$0	\$0	\$0	\$5,395,120	17.5%
03036 DEQ - Federal Aml Grant	117,491	0	0	0	117,491	6.7%
03046 2019 Exchange Network	168,130	0	0	0	168,130	9.6%
03067 DSL Federal Reclamation Grant	12	0	0	0	12	0.0%
03231 NPS25 Staffing Grant	41,778	0	0	0	41,778	2.4%
03433 EPA Perf Partnership Grant	943,936	0	0	0	943,936	54.0%
03796 Haz Mat Emergency Prep	31,948	0	0	0	31,948	1.8%
03816 DOI OSM A&E Grant	445,026	0	0	0	445,026	25.5%
Federal Special Total	\$1,748,321	\$0	\$0	\$0	\$1,748,321	5.7%
06509 DEQ Indirects	0	0	19,872,506	0	19,872,506	100.0%
Proprietary Total	\$0	\$0	\$19,872,506	\$0	\$19,872,506	64.6%
Total All Funds	\$10,895,624	\$0	\$19,872,506	\$0	\$30,768,130	

About 64.6% of the activities in the Central Management Program are funded with non-budgeted proprietary funds that are not appropriated through HB 2. The proprietary funding is based upon a negotiated indirect rate with the Environmental Protection Agency (EPA). The indirect rate is assessed against personal services and operations. Budgeted funds constitute 35.4% of total funding sources for the program. The appropriated funds consist of general funds, 15 state special revenue funds, and federal grants. Most of the funding comes from Montana Environmental Protection Act (MEPA) fees. Other revenue comes from fees for major facility siting, environmental re-habitation and response, air quality operating fees, and pollutant discharge elimination system permits.

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	20.23	20.23	22.23	22.23
Personal Services	2,139,473	2,048,219	2,146,750	2,353,115	2,362,807
Operating Expenses	1,047,168	2,860,010	2,961,769	3,090,797	3,088,905
Total Expenditures	\$3,186,641	\$4,908,229	\$5,108,519	\$5,443,912	\$5,451,712
General Fund	1,167,995	1,178,422	1,309,529	1,872,582	1,879,601
State/Other Special Rev. Funds	1,242,610	2,670,455	2,697,560	2,697,560	2,697,560
Federal Spec. Rev. Funds	776,036	1,059,352	1,101,430	873,770	874,551
Total Funds	\$3,186,641	\$4,908,229	\$5,108,519	\$5,443,912	\$5,451,712
Total Ongoing	\$3,186,641	\$4,908,229	\$5,108,519	\$5,443,912	\$5,451,712
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Central Management Program is responsible for agency-wide administration, management, planning, evaluation, and support.

- The Director's Office includes the director's staff, a centralized legal pool, the Montana Environmental Policy Act and the Montana Facility Siting Act functions, public affairs, and the enforcement program.
- The Centralized Management Program is an extension of the Director's Office and provides overall policy direction and support services to the agency in the areas of human resources, information management and technology, fiscal, records management, safety, emergency management, and continuous process improvement.

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	234,077	0	(227,660)	6,417		0.00	243,386	0	(226,879)	16,507
DP 2 - Fixed Costs										
0.00	36,494	0	0	36,494		0.00	34,322	0	0	34,322
DP 3 - Inflation Deflation										
0.00	(862)	0	0	(862)		0.00	(582)	0	0	(582)
DP 10002 - Additional Legal Support										
2.00	253,344	0	0	253,344		2.00	252,946	0	0	252,946
DP 10011 - Board of Environmental Review										
0.00	40,000	0	0	40,000		0.00	40,000	0	0	40,000
Grand Total All Present Law Adjustments										
2.00	\$563,053	\$0	(\$227,660)	\$335,393		2.00	\$570,072	\$0	(\$226,879)	\$343,193

*"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

Central Management Program	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	\$43,333
Management Changes	(36,916)
Budget Modifications	-
Total	\$6,417

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: 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 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 10002 - Additional Legal Support -

The executive proposes an increase in general fund to support the addition of 2.00 PB, a new attorney and legal secretary.

DP 10011 - Board of Environmental Review -

The executive proposes an increase in general fund to support increasing caseloads at the Board of Environmental Review.

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	136.67	143.67	143.67	7.00	2.6%
General Fund	2,766,335	3,517,297	3,513,493	1,498,120	27.1%
State/Other Special Rev. Funds	8,547,420	8,475,100	8,480,538	(139,202)	(0.8%)
Federal Spec. Rev. Funds	8,406,729	8,999,405	9,009,848	1,195,795	7.1%
Total Funds	19,720,484	20,991,802	21,003,879	2,554,713	6.5%
Personal Services	13,140,844	14,032,848	14,054,787	1,805,947	6.9%
Operating Expenses	6,323,619	6,702,933	6,693,071	748,766	5.9%
Grants	252,020	252,020	252,020		0.0%
Transfers	4,001	4,001	4,001		0.0%
Total Expenditures	19,720,484	20,991,802	21,003,879	2,554,713	6.5%
Total Ongoing	19,720,484	20,991,802	21,003,879	2,554,713	6.5%
Total One-Time-Only	413,825			(827,650)	(100.0%)

Program Highlights

Water Quality Division Major Budget Highlights

The executive proposes an increase of 6.5% or \$2.6 million in total appropriations above base funding. In addition to statewide present law adjustments of \$739,900 the executive proposes:

6.00 new PB at a cost of \$1.8 million for:

- Safe Drinking Water Act
- Engineering compliance specialist
- Wastewater technical inspector
- Subdivision applications support

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 Quality 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	2,766,335	8,547,420	8,406,729	19,720,484	93.9%	2,766,335	8,547,420	8,406,729	19,720,484	93.9%
Statewide PL										
Personal Services	145,646	(442,984)	480,470	183,132	0.9%	151,703	(437,545)	490,913	205,071	1.0%
Fixed Costs	185,704	0	0	185,704	0.9%	174,250	0	0	174,250	0.8%
Inflation Deflation	(4,910)	0	0	(4,910)	(0.0%)	(3,317)	0	0	(3,317)	(0.0%)
Total Statewide PL	326,440	(442,984)	480,470	363,926	1.7%	322,636	(437,545)	490,913	376,004	1.8%
Present Law (PL)	0	370,664	112,206	482,870	2.3%	0	370,663	112,206	482,869	2.3%
New Proposals	424,522	0	0	424,522	2.0%	424,522	0	0	424,522	2.0%
Total HB 2 Adjustments	750,962	(72,320)	592,676	1,271,318	6.1%	747,158	(66,882)	603,119	1,283,395	6.1%
Total Requested Budget	3,517,297	8,475,100	8,999,405	20,991,802		3,513,493	8,480,538	9,009,848	21,003,879	

Funding

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

Department of Environmental Quality, 20-Water Quality 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	7,030,790	0	0	0	7,030,790	16.7%	
02203 Nutrient Standards	90,062	0	0	0	90,062	0.5%	
02204 Public Drinking Water	2,988,252	0	0	0	2,988,252	17.6%	
02206 Agriculture Monitoring	11,064	0	0	0	11,064	0.1%	
02223 Wastewater SRF Special Admin	2,355,275	0	0	0	2,355,275	13.9%	
02278 MPDES Permit Program	6,507,329	0	0	0	6,507,329	38.4%	
02316 SRF Bonds State Administration	206,478	0	0	0	206,478	1.2%	
02418 Subdivision Plat Review	3,014,815	0	0	0	3,014,815	17.8%	
02420 Bd of Cert For W&WW OP	443,343	0	0	0	443,343	2.6%	
02472 Orphan Share Fund	2	0	0	0	2	0.0%	
02491 Drinking Water Spec Admin Cost	1,339,018	0	0	0	1,339,018	7.9%	
State Special Total	\$16,955,638	\$0	\$0	\$0	\$16,955,638	40.4%	
03003 Regional Wetlands Program	20,000	0	0	0	20,000	0.1%	
03013 WPC24 SRF Grant	245,318	0	0	0	245,318	1.4%	
03231 NPS25 Staffing Grant	2,133,330	0	0	0	2,133,330	11.8%	
03262 EPA Ppg	773,341	0	0	0	773,341	4.3%	
03433 EPA Perf Partnership Grant	6,626,038	0	0	0	6,626,038	36.8%	
03436 NPS22 Staffing Grant	2,123	0	0	0	2,123	0.0%	
03490 FY21 Wetland Develop Grant	367,251	0	0	0	367,251	2.0%	
03586 DW23 SRF Grant	1,815,212	0	0	0	1,815,212	10.1%	
03595 DW24 SRF Grant	3,862,698	0	0	0	3,862,698	21.4%	
03608 WPC21 SRF Grant	20	0	0	0	20	0.0%	
03676 Bureau of Land Management	200,000	0	0	0	200,000	1.1%	
03691 NPS24 Staffing Grant	1,463,922	0	0	0	1,463,922	8.1%	
03817 DW22 SRF Grant	500,000	0	0	0	500,000	2.8%	
Federal Special Total	\$18,009,253	\$0	\$0	\$0	\$18,009,253	42.9%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$41,995,681	\$0	\$0	\$0	\$41,995,681		

The Water Quality Division is primarily funded with state special revenue and federal grants, which together account for 83.3% of its total budget. The division's primary sources of state special revenue include fees collected for Montana pollutant discharge elimination system permits, subdivision plat reviews, and funds from wastewater and drinking water revolving funds programs. Federal funding primarily comes from Environmental Protection Agency (EPA) programs. These include the performance partnership grant and funds allocated for non-point source water projects under the federal Clean Water Act.

General fund support makes up the remaining 16.7% of the total budget, primarily covering personal services and operating expenses.

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	136.67	136.67	143.67	143.67
Personal Services	11,297,692	12,879,277	13,464,869	14,032,848	14,054,787
Operating Expenses	4,666,009	6,412,093	6,413,419	6,702,933	6,693,071
Grants	313,333	252,020	252,020	252,020	252,020
Transfers	0	4,001	4,001	4,001	4,001
Total Expenditures	\$16,277,034	\$19,547,391	\$20,134,309	\$20,991,802	\$21,003,879
General Fund	3,099,560	3,142,352	3,180,160	3,517,297	3,513,493
State/Other Special Rev. Funds	5,712,936	8,255,548	8,547,420	8,475,100	8,480,538
Federal Spec. Rev. Funds	7,464,538	8,149,491	8,406,729	8,999,405	9,009,848
Total Funds	\$16,277,034	\$19,547,391	\$20,134,309	\$20,991,802	\$21,003,879
Total Ongoing	\$15,880,214	\$19,108,255	\$19,720,484	\$20,991,802	\$21,003,879
Total OTO	\$396,820	\$439,136	\$413,825	\$0	\$0

Program Description

The Water Quality Division protects public health and water quality in the state of Montana. This is accomplished through the financing and technical assistance provided for community water and wastewater systems; the development of water quality restoration plans; managing a statewide monitoring network; subdivision review; monitoring compliance of public water systems; and water discharge permitting. The division achieves this through coordination with the public and regulated community by proposing rules, drafting policy, and developing water quality standards.

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	145,646	(442,984)	480,470	183,132		0.00	151,703	(437,545)	490,913	205,071
DP 2 - Fixed Costs										
0.00	185,704	0	0	185,704		0.00	174,250	0	0	174,250
DP 3 - Inflation Deflation										
0.00	(4,910)	0	0	(4,910)		0.00	(3,317)	0	0	(3,317)
DP 20006 - PWS Requesting HB2 PB										
2.00	0	112,205	112,206	224,411		2.00	0	112,205	112,206	224,411
DP 20007 - Engineering Compliance Specialist										
1.00	0	131,333	0	131,333		1.00	0	131,333	0	131,333
DP 20008 - Wastewater Technical Inspector										
1.00	0	127,125	0	127,125		1.00	0	127,124	0	127,124
Grand Total All Present Law Adjustments										
4.00	\$326,440	(\$72,321)	\$592,676	\$846,795		4.00	\$322,636	(\$66,883)	\$603,119	\$858,872

***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

The Water Quality Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	\$9,029
Management Changes	174,103
Budget Modifications	-
Total	\$183,132

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: 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 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 20006 - PWS Requesting HB2 PB -

The executive proposes an increase in state and federal special revenues to fund an additional 2.00 PB to enact the Safe Drinking Water Act. These new positions will draft rules and conduct necessary sampling to ensure compliance with EPA standards for PFAS/PFOA (Per- and polyfluoroalkyl substances/perfluorooctanoic acid).

DP 20007 - Engineering Compliance Specialist -

The executive proposes an increase in state special revenue to fund an additional 1.00 PB for an engineering compliance specialist. This new position will be responsible for conducting all compliance investigations related to complaints received by the Engineering Bureau. Additionally, the specialist will provide training to assist businesses and individuals in adhering to regulations concerning subdivision and public water/wastewater systems.

DP 20008 - Wastewater Technical Inspector -

The executive proposes an increase in state special revenue to fund an additional 1.00 PB for a wastewater technical advisor. This new position would assist municipalities with optimizing their wastewater systems and provide wastewater operator training.

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 20001 - Establish HB2 PB for Engineering Bureau										
3.00	424,522	0	0	424,522		3.00	424,522	0	0	424,522
Total	3.00	\$424,522	\$0	\$0	\$424,522	3.00	\$424,522	\$0	\$0	\$424,522

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

DP 20001 - Establish HB2 PB for Engineering Bureau -

The executive proposes an increase in general fund for an additional 3.00 PB in the Engineering Bureau for subdivision review.

53010 - Department Of Environmental Quality 40-Waste Management and Remediation 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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent		
PB	102.36	102.36	102.36	0.00	0.0%	
General Fund	681,173	739,824	743,154	120,632	8.9%	
State/Other Special Rev. Funds	12,338,396	12,288,408	12,306,209	(82,175)	(0.3%)	
Federal Spec. Rev. Funds	11,046,805	11,374,388	11,379,279	660,057	3.0%	
Total Funds	24,066,374	24,402,620	24,428,642	698,514	1.5%	
Personal Services	9,434,405	9,743,187	9,769,953	644,330	3.4%	
Operating Expenses	9,805,455	9,832,919	9,832,175	54,184	0.3%	
Grants	1,686,815	1,686,815	1,686,815		0.0%	
Benefits & Claims	425,000	425,000	425,000		0.0%	
Transfers	2,714,699	2,714,699	2,714,699		0.0%	
Total Expenditures	24,066,374	24,402,620	24,428,642	698,514	1.5%	
Total Ongoing	24,066,374	24,402,620	24,428,642	698,514	1.5%	
Total One-Time-Only	1,100,000			(2,200,000)	(100.0%)	

Program Highlights

Waste Management and Remediation Division Major Budget Highlights

The executive proposes a increase of 1.5% or \$698,500 in total appropriations above base funding. The increase is due entirely to statewide present law adjustments.

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.

Waste Management and Remediation 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	681,173	12,338,396	11,046,805	24,066,374	98.6%	681,173	12,338,396	11,046,805	24,066,374	98.5%
Statewide PL										
Personal Services	58,651	(77,452)	327,583	308,782	1.3%	61,981	(58,907)	332,474	335,548	1.4%
Fixed Costs	0	31,970	0	31,970	0.1%	0	29,765	0	29,765	0.1%
Inflation Deflation	0	(4,506)	0	(4,506)	(0.0%)	0	(3,045)	0	(3,045)	(0.0%)
Total Statewide PL	58,651	(49,988)	327,583	336,246	1.4%	61,981	(32,187)	332,474	362,268	1.5%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	58,651	(49,988)	327,583	336,246	1.4%	61,981	(32,187)	332,474	362,268	1.5%
Total Requested Budget	739,824	12,288,408	11,374,388	24,402,620		743,154	12,306,209	11,379,279	24,428,642	

53010 - Department Of Environmental Quality 40-Waste Management and Remediation Division

Funding

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

Department of Environmental Quality, 40-Waste Management and Remediation 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	1,482,978	0	0	0	1,482,978	3.0%
02054 UST-Installer Lic & Permit Acc	100,810	0	0	0	100,810	0.4%
02058 Petroleum Storage Tank Cleanup	5,541,590	0	0	0	5,541,590	22.5%
02070 Hazardous Waste-CERCLA	1,450,714	0	0	0	1,450,714	5.9%
02075 UST Leak Prevention Program	801,936	0	0	0	801,936	3.3%
02130 Libby Asbestos Cleanup O&M	200,000	0	0	0	200,000	0.8%
02157 Solid Waste Management Fee	1,856,090	0	0	0	1,856,090	7.5%
02162 Environmental Quality Protecti	4,600,683	0	0	0	4,600,683	18.7%
02202 Asbestos Control	694,084	0	0	0	694,084	2.8%
02206 Agriculture Monitoring	40,000	0	0	0	40,000	0.2%
02314 DNRC Grants - REMediation	457,060	0	0	0	457,060	1.9%
02421 Hazardous Waste Fees	537,780	0	0	0	537,780	2.2%
02438 Pegasus - Beal Mountain	1,988	0	0	0	1,988	0.0%
02472 Orphan Share Fund	1,122,530	0	0	0	1,122,530	4.6%
02565 LUST Cost Recovery	900,028	0	0	0	900,028	3.7%
02676 Hard Rock Reclamation	1,200,000	0	0	0	1,200,000	4.9%
02845 Junk Vehicle Disposal	4,912,610	0	0	0	4,912,610	20.0%
02940 Pegasus - Basin	77,964	0	0	0	77,964	0.3%
02954 Septage Fees	98,750	0	0	0	98,750	0.4%
State Special Total	\$24,594,617	\$0	\$0	\$0	\$24,594,617	50.4%
03036 DEQ - Federal Aml Grant	8,638,638	0	0	0	8,638,638	38.0%
03151 Upper Tenmile TA	300,000	0	0	0	300,000	1.3%
03155 Carpenter Snow Creek	810,000	0	0	0	810,000	3.6%
03228 L.U.S.T./Trust	1,031,980	0	0	0	1,031,980	4.5%
03309 UST Leak Prevention Grant	840,548	0	0	0	840,548	3.7%
03351 Tech Assist - Butte Mine Flood	800,000	0	0	0	800,000	3.5%
03353 Management Assist - Spec Acct	1,154,594	0	0	0	1,154,594	5.1%
03360 Management Assistance - Bulk	1,851,572	0	0	0	1,851,572	8.1%
03433 EPA Perf Partnership Grant	1,745,102	0	0	0	1,745,102	7.7%
03447 Belt Water Treatment Fund	300,000	0	0	0	300,000	1.3%
03463 Mine Lease/Reclamation	125,518	0	0	0	125,518	0.6%
03721 Libby Sitewide	700,000	0	0	0	700,000	3.1%
03798 LIBBY O&M GRANT	150,000	0	0	0	150,000	0.7%
03820 Libby OU3	2,132,700	0	0	0	2,132,700	9.4%
03973 EPA Brownfields Grant	2,173,015	0	0	0	2,173,015	9.6%
Federal Special Total	\$22,753,667	\$0	\$0	\$0	\$22,753,667	46.6%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$48,831,262	\$0	\$0	\$0	\$48,831,262	

The Waste Management and Remediation Division is funded primarily with state and federal special revenues which combined fund 98.1% of the budget. State special revenue comes from junk vehicle fees, \$0.0075 gas tax for petroleum tank cleanup, registration fees for underground storage tanks, and interest proceeds from the Resource Indemnity Trust (RIT). Federal special revenue is derived from the federal EPA for Superfund oversight and various other activities. Other federal revenue sources include the Office of Surface Mining for the Abandoned Mine Lands Program.

The general fund supports 1.9% of the division budget and supports the Waste Management Bureau.

53010 - Department Of Environmental Quality 40-Waste Management and Remediation 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	102.36	102.36	102.36	102.36
Personal Services	7,455,153	8,976,524	9,434,405	9,743,187	9,769,953
Operating Expenses	7,722,865	10,816,527	10,905,455	9,832,919	9,832,175
Capital Outlay	1,531,886	1,445,500	0	0	0
Grants	1,501,917	1,686,815	1,686,815	1,686,815	1,686,815
Benefits & Claims	348,053	425,000	425,000	425,000	425,000
Transfers	10,557	1,293,699	2,714,699	2,714,699	2,714,699
Total Expenditures	\$18,570,431	\$24,644,065	\$25,166,374	\$24,402,620	\$24,428,642
General Fund	502,208	535,830	681,173	739,824	743,154
State/Other Special Rev. Funds	9,132,415	13,217,924	13,438,396	12,288,408	12,306,209
Federal Spec. Rev. Funds	8,935,808	10,890,311	11,046,805	11,374,388	11,379,279
Total Funds	\$18,570,431	\$24,644,065	\$25,166,374	\$24,402,620	\$24,428,642
Total Ongoing	\$18,570,431	\$23,544,065	\$24,066,374	\$24,402,620	\$24,428,642
Total OTO	\$0	\$1,100,000	\$1,100,000	\$0	\$0

Program Description

The Waste Management and Remediation Division protects human health and the environment by preventing exposure to contaminants, working with Montana communities and businesses to implement effective material management and cleanup strategies, and overseeing compliance with state and federal laws and regulations. It oversees and conducts or supports remedial investigation and efficient, cost-effective cleanup activities at state and federal Superfund sites; supervises voluntary cleanup activities; reclaims abandoned mine lands; implements corrective actions at sites; and administrates regulatory waste management programs.

53010 - Department Of Environmental Quality 40-Waste Management and Remediation Division

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	58,651	(77,452)	327,583	308,782	0.00	61,981	(58,907)	332,474	335,548
DP 2 - Fixed Costs	0.00	0	31,970	0	31,970	0.00	0	29,765	0	29,765
DP 3 - Inflation Deflation	0.00	0	(4,506)	0	(4,506)	0.00	0	(3,045)	0	(3,045)
Grand Total All Present Law Adjustments	0.00	\$58,651	(\$49,988)	\$327,583	\$336,246	0.00	\$61,981	(\$32,187)	\$332,474	\$362,268

*"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

Waste Management and Remediation Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	\$78,693
Management Changes	230,089
Budget Modifications	-
Total	\$308,782

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: 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 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.

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 FY 2025	Requested Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	101.03	101.03	101.03	0.00	0.0%
General Fund	1,994,652	2,156,311	2,156,389	323,396	8.1%
State/Other Special Rev. Funds	9,869,841	12,313,818	12,330,751	4,904,887	24.8%
Federal Spec. Rev. Funds	5,288,398	5,177,273	5,183,150	(216,373)	(2.0%)
Total Funds	17,152,891	19,647,402	19,670,290	5,011,910	14.6%
Personal Services	9,637,711	9,700,979	9,726,944	152,501	0.8%
Operating Expenses	7,399,742	9,830,985	9,827,908	4,859,409	32.8%
Equipment & Intangible Assets	101,740	101,740	101,740		0.0%
Transfers	13,698	13,698	13,698		0.0%
Total Expenditures	17,152,891	19,647,402	19,670,290	5,011,910	14.6%
Total Ongoing	17,152,891	19,647,402	19,670,290	5,011,910	14.6%
Total One-Time-Only					0.0%

Program Highlights

Air, Energy, and Mining Division Major Budget Highlights

The executive proposes an increase of 14.6% or \$5.0 million in total appropriations above base funding. In addition to statewide present law adjustments of \$111,900, this includes:

- Zortman/Landusky mine reclamation - \$4.0 million
- CR Kendall mine reclamation - \$500,000
- Mine reclamation, increased authority from hard rock mining fees - \$400,000

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.

Air, Energy, and Mining 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	1,994,652	9,869,841	5,288,398	17,152,891	87.3%	1,994,652	9,869,841	5,288,398	17,152,891	87.2%
Statewide PL										
Personal Services	91,775	(64,613)	(113,894)	(86,732)	(0.4%)	95,462	(49,748)	(106,481)	(60,767)	(0.3%)
Fixed Costs	69,884	66,898	13,454	150,236	0.8%	66,275	66,272	8,454	141,001	0.7%
Inflation Deflation	0	(8,308)	(10,685)	(18,993)	(0.1%)	0	(5,614)	(7,221)	(12,835)	(0.1%)
Total Statewide PL	161,659	(6,023)	(111,125)	44,511	0.2%	161,737	10,910	(105,248)	67,399	0.3%
Present Law (PL)	0	2,250,000	0	2,250,000	11.5%	0	2,250,000	0	2,250,000	11.4%
New Proposals	0	200,000	0	200,000	1.0%	0	200,000	0	200,000	1.0%
Total HB 2 Adjustments	161,659	2,443,977	(111,125)	2,494,511	12.7%	161,737	2,460,910	(105,248)	2,517,399	12.8%
Total Requested Budget	2,156,311	12,313,818	5,177,273	19,647,402		2,156,389	12,330,751	5,183,150	19,670,290	

Funding

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

Department of Environmental Quality, 50-Air, Energy, and Mining Division Funding by Source of Authority							
Funds	HB2 Ongoing	HB2 OTO	Non-Budgeted Proprietary	Statutory Appropriation	Total All Sources	% Total All Funds	
01100 General Fund	4,312,700	0	0	0	4,312,700	11.0%	
02036 Opencut permit Fees	1,410,965	0	0	0	1,410,965	5.7%	
02095 Opencut Bond Forfeitures	429,248	0	0	0	429,248	1.7%	
02096 Reclamation - Bond Forfeitures	747,688	0	0	0	747,688	3.0%	
02201 Air Quality-Operating Fees	6,907,196	0	0	0	6,907,196	28.0%	
02291 Alternative Energy Loan ARRA	200,812	0	0	0	200,812	0.8%	
02370 Energy Conserv Repayment Acct	24,862	0	0	0	24,862	0.1%	
02388 Database Development	900,000	0	0	0	900,000	3.7%	
02555 Alternative Energy Rev Loan	441,840	0	0	0	441,840	1.8%	
02576 Natural Resources Operations	5,147,086	0	0	0	5,147,086	20.9%	
02579 Coal & Uranium Mine Account	558,006	0	0	0	558,006	2.3%	
02676 Hard Rock Reclamation	25,296	0	0	0	25,296	0.1%	
02955 State Energy conservation ARRA	1,092,764	0	0	0	1,092,764	4.4%	
02973 Univ System Benefits Program	506,102	0	0	0	506,102	2.1%	
02988 Hard Rock Mining Reclamation	6,252,704	0	0	0	6,252,704	25.4%	
State Special Total	\$24,644,569	\$0	\$0	\$0	\$24,644,569	62.7%	
03052 DOE SHOPP 09/14/21	34,640	0	0	0	34,640	0.3%	
03067 DSL Federal Reclamation Grant	196,540	0	0	0	196,540	1.9%	
03199 Stripper Wells	9,000	0	0	0	9,000	0.1%	
03262 EPA Ppg	80,269	0	0	0	80,269	0.8%	
03325 EPA 103 PM 2.5	218	0	0	0	218	0.0%	
03433 EPA Perf Partnership Grant	3,341,296	0	0	0	3,341,296	32.3%	
03435 PM 2.5 Fiscal Year 2004	854,926	0	0	0	854,926	8.3%	
03437 DOE-State Energy Program	888,722	0	0	0	888,722	8.6%	
03459 DOE Competitive Special Proj	182,733	0	0	0	182,733	1.8%	
03723 Clean Diesel DS-97867001	759,078	0	0	0	759,078	7.3%	
03816 DOI OSM A&E Grant	4,013,001	0	0	0	4,013,001	38.7%	
Federal Special Total	\$10,360,423	\$0	\$0	\$0	\$10,360,423	26.4%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$39,317,692	\$0	\$0	\$0	\$39,317,692		

The Air Energy and Mining Division is funded primarily with state special revenues and funds 62.7% of the total budget. State special revenue primarily consists of air quality and opencut mining licensing and permitting fees, as well as production taxes on oil, gas, and metal mines. The agency also receives Resource Indemnity Trust (RIT) interest via the natural resource operations fund. Federal revenues, which fund 26.4% of the budget, come primarily from EPA, Department of Energy, and Department of Interior grants. General fund, 11.0% of the budget, supports the administration of the division and the Air Quality, Energy, and Mining bureaus.

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	101.03	101.03	101.03	101.03
Personal Services	7,588,402	9,226,261	9,637,711	9,700,979	9,726,944
Operating Expenses	5,024,034	7,213,201	7,399,742	9,830,985	9,827,908
Equipment & Intangible Assets	360,243	238,395	101,740	101,740	101,740
Transfers	0	13,698	13,698	13,698	13,698
Total Expenditures	\$12,972,679	\$16,691,555	\$17,152,891	\$19,647,402	\$19,670,290
General Fund	1,939,945	1,940,611	1,994,652	2,156,311	2,156,389
State/Other Special Rev. Funds	6,964,741	9,601,886	9,869,841	12,313,818	12,330,751
Federal Spec. Rev. Funds	4,067,993	5,149,058	5,288,398	5,177,273	5,183,150
Total Funds	\$12,972,679	\$16,691,555	\$17,152,891	\$19,647,402	\$19,670,290
Total Ongoing	\$12,972,679	\$16,691,555	\$17,152,891	\$19,647,402	\$19,670,290
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

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

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	91,775	(64,613)	(113,894)	(86,732)	0.00	95,462	(49,748)	(106,481)	(60,767)
DP 2 - Fixed Costs	0.00	69,884	66,898	13,454	150,236	0.00	66,275	66,272	8,454	141,001
DP 3 - Inflation Deflation	0.00	0	(8,308)	(10,685)	(18,993)	0.00	0	(5,614)	(7,221)	(12,835)
DP 50003 - CR Kendall Funding	0.00	0	250,000	0	250,000	0.00	0	250,000	0	250,000
DP 50010 - Appropriation for Zortman Landusky	0.00	0	2,000,000	0	2,000,000	0.00	0	2,000,000	0	2,000,000
Grand Total All Present Law Adjustments	0.00	\$161,659	\$2,243,977	(\$111,125)	\$2,294,511	0.00	\$161,737	\$2,260,910	(\$105,248)	\$2,317,399

*"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

Air, Energy, and Mining Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	(\$100,800)
Management Changes	14,068
Budget Modifications	-
Total	(\$86,732)

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: 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 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 50003 - CR Kendall Funding -

The executive proposes an increase in state special revenue to support reclamation work at the CR Kendall mine site. The funding source for this decision package is dependent on the passage of LC0540. Prior funding for the reclamation, bond proceeds, has been exhausted.

**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.

DP 50010 - Appropriation for Zortman Landusky -

The executive proposes an increase in state special revenue to support operation and maintenance of the Zortman/Landusky and CR Kendal mine reclamation sites. This proposal would be funded with forfeited surety bonds.

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 50005 - Hard Rock Mining Fees										
	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
Total	0.00	\$0	\$200,000	\$0	\$200,000	0.00	\$0	\$200,000	\$0	\$200,000

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

DP 50005 - Hard Rock Mining Fees -

The executive proposes to increase state special revenue to support implementing the Metal Mine Reclamation Act (MMRA). This new funding is dependent on the passage of LC 538 – "An Act Revising Hard Rock and Rock Products Mining Fees". LC 538 establishes a new fee structure dedicated to metal mine reclamation.

**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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
State/Other Special Rev. Funds	488,686	488,686	488,686		0.0%
Total Funds	488,686	488,686	488,686		0.0%
Operating Expenses	181,440	181,440	181,440		0.0%
Transfers	307,246	307,246	307,246		0.0%
Total Expenditures	488,686	488,686	488,686		0.0%
Total Ongoing	488,686	488,686	488,686		0.0%
Total One-Time-Only					0.0%

Program Highlights

Libby Asbestos Super Fund Advisory Team Major Budget Highlights	
The executive proposes base funding.	

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.

Libby Asbestos Superfund Advisory Team 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	488,686	0	488,686	100.0%	0	488,686	0	488,686	100.0%
Statewide PL										
Personal Services	0	0	0	0	0.0%	0	0	0	0	0.0%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	0	0.0%	0	0	0	0	0.0%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Requested Budget	0	488,686	0	488,686		0	488,686	0	488,686	

Funding

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

Department of Environmental Quality, 80-Libby Asbestos Superfund Advisory Team 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%
02130 Libby Asbestos Cleanup O&M	977,372	0	0	0	977,372	100.0%
State Special Total	\$977,372	\$0	\$0	\$0	\$977,372	100.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$977,372	\$0	\$0	\$0	\$977,372	

The Libby Asbestos Superfund Advisory Team is funded from the Libby Asbestos Cleanup Operations and Maintenance state special revenue account. Sources of revenue include penalties, forfeited financial assurances, proceeds from the resource indemnity trust fund, cost recoveries, and interest on the fund balance.

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
Operating Expenses	2	179,334	181,440	181,440	181,440
Transfers	486,335	307,246	307,246	307,246	307,246
Total Expenditures	\$486,337	\$486,580	\$488,686	\$488,686	\$488,686
State/Other Special Rev. Funds	486,337	486,580	488,686	488,686	488,686
Total Funds	\$486,337	\$486,580	\$488,686	\$488,686	\$488,686
Total Ongoing	\$486,337	\$486,580	\$488,686	\$488,686	\$488,686
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Libby Asbestos Oversight Committee is attached to DEQ for administrative purposes. The oversight committee was created to enhance communication with stakeholders regarding the Libby Asbestos Superfund site. In addition, the oversight committee advises DEQ on administration of the Libby Asbestos Cleanup Trust Fund and operation and maintenance accounts. The appropriated funds are used to maintain committee activities and support operation and maintenance at the site for long-term environmental and public health protection.

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	6.75	6.75	6.75	0.00	0.0%
State/Other Special Rev. Funds	909,526	934,793	935,052	50,793	2.8%
Total Funds	909,526	934,793	935,052	50,793	2.8%
Personal Services	569,692	593,588	593,954	48,158	4.2%
Operating Expenses	339,834	341,205	341,098	2,635	0.4%
Total Expenditures	909,526	934,793	935,052	50,793	2.8%
Total Ongoing	909,526	934,793	935,052	50,793	2.8%
Total One-Time-Only					0.0%

Program Highlights

Department of [Program] Major Budget Highlights
The executive proposes an increase of 2.8% or \$50,800 in total appropriations above base funding. The entire increase is due to statewide present law adjustments.

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.

Petro Tank Release Compensation Board 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	909,526	0	909,526	97.3%	0	909,526	0	909,526	97.3%
Statewide PL										
Personal Services	0	23,896	0	23,896	2.6%	0	24,262	0	24,262	2.6%
Fixed Costs	0	1,371	0	1,371	0.1%	0	1,264	0	1,264	0.1%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	25,267	0	25,267	2.7%	0	25,526	0	25,526	2.7%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	25,267	0	25,267	2.7%	0	25,526	0	25,526	2.7%
Total Requested Budget	0	934,793	0	934,793		0	935,052	0	935,052	

Funding

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

Department of Environmental Quality, 90-Petro Tank Release Compensation Board 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%
02058 Petroleum Storage Tank Cleanup	1,869,845	0	0	10,500,000	12,369,845	100.0%
State Special Total	\$1,869,845	\$0	\$0	\$10,500,000	\$12,369,845	100.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$1,869,845	\$0	\$0	\$10,500,000	\$12,369,845	

The Board is funded entirely through a portion of the \$.0075 tax on gasoline, diesel, heating oil, and aviation fuel. Statutory appropriations pay for the reimbursement due to storage tank releases as described in 75-11-313, MCA.

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	6.75	6.75	6.75	6.75
Personal Services	546,075	539,948	569,692	593,588	593,954
Operating Expenses	219,428	337,294	339,834	341,205	341,098
Total Expenditures	\$765,503	\$877,242	\$909,526	\$934,793	\$935,052
State/Other Special Rev. Funds	765,503	877,242	909,526	934,793	935,052
Total Funds	\$765,503	\$877,242	\$909,526	\$934,793	\$935,052
Total Ongoing	\$765,503	\$877,242	\$909,526	\$934,793	\$935,052
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Petroleum Tank Release Compensation Board is responsible for administering the Petroleum Tank Release Cleanup Fund. This includes reimbursement to certain petroleum storage tank owners and operators for corrective action costs, and compensation paid to third parties for bodily injury and property damage resulting from a release of petroleum from a petroleum storage tank. The board is responsible for responding to and working with private individuals, corporations, other state agencies, the Governor's Office, the legislature, federal agencies, and other interested parties with activities relative to petroleum storage tanks and their associated cleanups. It is attached to DEQ for administrative purposes.

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	23,896	0	23,896		0.00	0	24,262	0	24,262
DP 2 - Fixed Costs										
0.00	0	1,371	0	1,371		0.00	0	1,264	0	1,264
Grand Total All Present Law Adjustments										
0.00	\$0	\$25,267	\$0	\$25,267		0.00	\$0	\$25,526	\$0	\$25,526

**"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

Petroleum Tank Release Compensation Board	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	\$2,996
Management Changes	20,900
Budget Modifications	-
Total	\$23,896

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: 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.

DEPARTMENT OF TRANSPORTATION

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Dept. of Fish, Wildlife, & Parks
Dept. of Environmental Quality
Dept. of Transportation

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

-----Committee Members-----

House

Representative Jerry Schillinger (Chair)
Representative Eric Albus
Representative Debo Powers

Senate

Senator Mike Cuffe (Vice Chair)
Senator Kenneth Bogner
Senator Jane Ellis

-----Fiscal Division Staff-----

Rob Miller
Alice Hecht
Barb Wagner

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	
	FY 2025	FY 2026	FY 2027	Amount	Percent
PB	2,019.77	2,045.77	2,045.77	26.00	0.6%
State/Other Special Rev. Funds	336,128,560	380,400,065	380,797,936	88,940,881	13.2%
Federal Spec. Rev. Funds	642,794,651	715,108,142	722,716,598	152,235,438	11.8%
Total Funds	978,923,211	1,095,508,207	1,103,514,534	241,176,319	12.3%
Personal Services	195,494,675	200,415,078	200,898,996	10,324,724	2.6%
Operating Expenses	731,607,883	807,922,495	827,362,843	172,069,572	11.8%
Equipment & Intangible Assets	4,167,186	5,088,081	5,088,081	1,841,790	22.1%
Capital Outlay	12,956,865	14,756,865	12,956,865	1,800,000	6.9%
Grants	30,730,768	60,212,854	50,648,915	49,400,233	80.4%
Transfers	2,972,256	3,722,256	3,722,256	1,500,000	25.2%
Debt Service	993,578	3,390,578	2,836,578	4,240,000	213.4%
Total Expenditures	978,923,211	1,095,508,207	1,103,514,534	241,176,319	12.3%
Total Ongoing	978,923,211	1,092,577,596	1,102,388,723	237,119,897	12.1%
Total One-Time-Only	175,000	2,930,611	1,125,811	3,706,422	1,059.0%

Agency Highlights

**Department of Transportation
Major Budget Highlights**

The Montana Department of Transportation's (MDT) 2027 biennium appropriations are approximately \$241.2 million or 12.3% higher than the FY 2025 base budget. Significant changes include:

- Statewide present law adjustments totaling \$5.7 million for the biennium consisting of 63.2% state special revenue and 36.8% federal special revenue. These include:
 - DP 1 - Personal services: \$4.8 million
 - DP 2 - Fixed costs: \$961,961
 - DP 3 - Inflation/Deflation: (\$22,970)
- Present law increases totaling \$202.8 million for the biennium consisting of 28.7% state special revenue and 71.3% federal special revenue. Major changes include:
 - DP 4 - Equipment rental: \$26.5 million for the biennium, 94.0% state special revenue, 6.0% federal special revenue. This increase is spread across four programs that utilize the proprietary Equipment Program. However, most of the increase is to the Maintenance Program
 - DP 214 - Contractor payments: \$127.3 million
 - DP 306 - Winter maintenance materials: \$4.5 million
 - DP 5005 - Federal Transit Authority (FTA) Funding: \$28.5 million - authority for increased federal apportionment
 - DP 5006 - National Highway Traffic Safety Administration (NHTSA): \$9.2 million - budget authority for increase in federal program
- New proposals totaling \$32.7 million for the biennium, an increase of 27.00 PB, and a reduction of 1.00 PB. Details of major changes include:
 - General Operations Program
 - A decrease of 1.00 PB and associated funding as part of an executive branch consolidation
 - An increase of \$4.2 million for software maintenance and hosting fees of the new billing system
 - Highways and Engineering Program
 - New proposals totaling \$2.3 million and 15.00 PB for bridge replacement and rehabilitation specialists and engineers, an asset management liaison, and a computer-aided drafting (CADD) specialist
 - Maintenance Program
 - A new proposal for 6.00 PB and associated pay and benefits for a Bridge Preservation, Maintenance and Response team
 - Rail, Transit, and Planning Program
 - A new proposal for 6.00 PB for positions specializing in delivery and reporting requirements of new federal programs

Legislative Action Items

- A new proposal for \$20.0 million state special revenue for maintenance of off-system bridges, contingent upon passage of LCXXXX.

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 Transportation 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	0 336,128,560	642,794,651	978,923,211	89.4%		0 336,128,560	642,794,651	978,923,211	88.7%	
Statewide PL										
Personal Services	0 1,169,417	987,049	2,156,466	0.2%		0 1,509,287	1,131,109	2,640,396	0.2%	
Fixed Costs	0 698,247	0	698,247	0.1%		0 263,714	0	263,714	0.0%	
Inflation Deflation	0 (8,111)	(5,595)	(13,706)	(0.0%)		0 (5,483)	(3,781)	(9,264)	(0.0%)	
Total Statewide PL	0 1,859,553	981,454	2,841,007	0.3%		0 1,767,518	1,127,328	2,894,846	0.3%	
Present Law (PL)	0 28,443,373	67,728,423	96,171,796	8.8%		0 29,767,234	76,824,562	106,591,796	9.7%	
New Proposals	0 13,968,579	3,603,614	17,572,193	1.6%		0 13,134,624	1,970,057	15,104,681	1.4%	
Total HB 2 Adjustments	0 44,271,505	72,313,491	116,584,996	10.6%		0 44,669,376	79,921,947	124,591,323	11.3%	
Total Requested Budget	0 380,400,065	715,108,142	1,095,508,207			0 380,797,936	722,716,598	1,103,514,534		

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 Transportation				
FY 2026 Statewide Present Law adjustment for personal services				
Program	Legislative changes	Management Decisions	Budget Modifications	Total DP 1
01 General Operations	\$ 244,459	\$ (320,320)	\$ 208,385	\$ 132,524
02 Highways & Engineering	1,166,127	566,954	(208,385)	1,524,696
03 Maintenance	772,835	(651,266)		121,569
22 Motor Carrier Services	206,364	(116,280)		90,084
40 Aeronautics	31,103	82,773		113,876
50 Rail, Transit & Planning	135,697	24,103		173,717
Total	\$ 2,556,585	\$ (400,119)		\$2,156,466

Changes to individual programs include:

- **General Operations**
 - Legislative changes in the General Operations Program include a decrease in longevity offset by increased benefits
 - Management changes include an increase in vacancy savings offset by increases to the pay plan, career ladder changes, promotion adjustments and retention pay. Vacant positions were filled at higher rates
 - A budget modification moved 2.00 PB and associated funding from the Highways and Engineering Program, increasing General Operations
- **Highways and Engineering**
 - Legislative changes including increased benefits and longevity
 - Management changes in the program included career ladder increases, promotion adjustments, retention pay and pay plan increases. Additionally, vacant positions were filled at higher rates of pay
 - Budget modifications transferred 2.00 PB and associated funding to General Operations, decreasing Highways and Engineering
- **Maintenance**
 - Legislative changes include reduced longevity offset by increases in benefits
 - Management changes include increases for career ladder, promotion adjustment and training assignments, offset by an increase in vacancy savings. Reductions are a result of longer-term employees leaving the program
- **Motor Carrier Services**
 - Legislative increases to pay plan and benefits
 - Management changes including increases from career ladder changes and promotion adjustments offset by an increase in vacancy savings
- **Aeronautics**
 - Legislative changes include increases in benefits and longevity
 - Management increases are primarily due to previously vacant positions being filled at higher rates
- **Rail, Transit, and Planning**
 - Legislative changes include increases in longevity and benefits
 - Management decisions include increases such as career ladder changes and promotion adjustments

Statewide Present Law Adjustment for Fixed Costs

- DP 2 - Fixed Costs - \$961,961 state special revenue for the biennium

Nearly all HB 2 fixed costs for the agency are consolidated in the General Operations Program, with the exception of a small negative adjustment in the Aeronautics Program. The fixed costs adjustment provides 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..

Statewide Present Law Adjustment for Inflation/Deflation

- DP 3 - Inflation/Deflation - (\$22,970) 59.2% state special revenue, 40.8% federal special revenue

Currently the only adjustment to inflation/deflation is due to the decrease of motor pool rates. Rates have declined due to lower fuel costs.

Present Law Adjustments

The following present law decision package occurs in multiple programs:

- DP 4 - Equipment Rental - \$26.5 million 94.2% state special revenue, 5.8% federal special revenue

The executive proposes a one-time-only (OTO) increase in state special revenue for FY 2026 and FY 2027 to repair and replace construction equipment. Details by program include:

- Highways and Engineering - \$3.5 million
- Maintenance - \$22.4 million
- Motor Carrier Services - \$513,429
- Rail, Transit, and Planning - \$167,963

Funding

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

Total Department of Transportation 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
02422 Highways Special Revenue	695,918,921	2,497,982			698,416,903	27.8%
02129 LOCAL GOVT FUEL TAX				84,185,286	84,185,286	3.4%
02253 Local Road and Bridge Account				58,091,969	58,091,969	2.3%
02435 SAFER Account				30,000,000	30,000,000	1.2%
02179 Local Bridge Projects	20,000,000				20,000,000	0.8%
Other State Special Revenue	42,781,098			18,519,370	61,300,468	2.4%
State Special Revenue Total	758,700,019	2,497,982	-	190,796,625	951,994,626	37.9%
03407 Highway Trust - Sp Rev	1,350,298,780	1,558,440			1,351,857,220	53.9%
03147 FTA Grants	52,325,008				52,325,008	2.1%
03828 Traffic Safety	20,529,788				20,529,788	0.8%
03292 MCS Federal Grants	10,002,926				10,002,926	0.4%
03060 Aeronautics Division	2,777,692				2,777,692	0.1%
Other Federal Special Revenue	332,106				332,106	0.0%
Federal Special Revenue Total	1,436,266,300	1,558,440	-	-	1,437,824,740	57.3%
06508 Highway Equipment - Int Svc.			105,326,547		105,326,547	4.2%
06506 Motor Pool - Int Svc			13,860,192		13,860,192	0.6%
06007 Yellowstone Airport			1,044,828		1,044,828	0.0%
Proprietary Fund Total	-	-	120,231,567	-	120,231,567	4.8%
Total of All Funds	2,194,966,319	4,056,422	120,231,567	190,796,625	2,510,050,933	
Percent of All Sources of Authority	87.4%	0.2%	4.8%	7.6%		

HB 2 Appropriations

The department is funded from a combination of state special revenue and federal special revenue.

Statutory Appropriations

Statutory appropriations include distributions of gasoline taxes to local and tribal governments (state special funds).

LFD
COMMENT

MDT's ongoing state special revenue appropriations are primarily financed through two state special revenue accounts. These accounts make up the majority of the agency's HB 2 state special revenues. The revenues that fund the accounts can be grouped in two general categories, constitutionally restricted and non-restricted revenues. Restricted revenues are derived from gross vehicle weight fees and excise and license taxes on gasoline, fuel, and other energy sources that are used to propel vehicles on public highways. Registration fees for electric vehicles also contribute to revenue. These funds are deposited into the highway state special revenue restricted account (HSSRA-Restricted). They can only be used for: • Paying obligations incurred for construction, reconstruction, repair, operation, and maintenance of public highways, streets, roads, and bridges; and for enforcement of highway safety, driver education, tourist promotion, and administrative collection costs • Use of these funds for other purposes can be made through a 3/5th vote of the members of each chamber of the legislature. Non-restricted revenues are derived from special use permits and motor fuel penalties and interest payments. The funds are deposited into the highway state special revenue non-restricted account (HSSRA-Non-Restricted). MDT relies on these funds for functions that are not directly related to road and highway construction and maintenance, such as emergency services and transit grants. They can be used for any purpose for which the legislature sees fit.

MDT Major State Special Revenue Accounts Working Capital Analysis

The figure below provides the working capital balance for the restricted highway state special revenue account (HSSRA) and the highway state special revenue non-restricted account (HSSRA-NR). This analysis differs from a regular fund

balance analysis because it includes only those actual expenditures in the year when they occur. It does not include amounts that are encumbered for projects started in the current year but completed in the next. In such a case, the continued project costs would be included in the following year. As such, the analysis provides a more accurate assessment of funding availability.

2027 Biennium Projected Working Capital Balances			
Item	HSSRA - Non-Rest.	HSSRA - Restricted	All Major Funds
	Total 2027 Bien.	Total 2027 Bien.	Total 2027 Bien.
Beginning Balance	\$6,172,564	\$128,540,387	\$134,712,950
Revenues ¹			
Gasoline Tax	0	244,824,480	244,824,480
Diesel Tax	0	160,670,725	160,670,725
BaRSAA Fuel Tax		0	0
Gross Vehicle Weight Fees (GVW)	21,772,715	65,652,680	87,425,395
Federal Cost Recovery	0	145,000,000	145,000,000
Other Revenues	0	38,559,504	38,559,504
Total Revenue	21,772,715	654,707,389	676,480,104
HB 2			
Department of Transportation (MDT)			
General Operations Program	0	83,299,470	83,299,470
Construction Program	290,012	243,876,378	244,166,390
Maintenance Program	15,663,688	339,248,080	354,911,768
Motor Carrier Services	190,056	18,382,067	18,572,123
Rail, Transit, & Planning Program	2,552,766	13,610,908	16,163,674
Lincoln Airport Remediation	0		0
Pay Plan Adjustment		0	0
Total MDT HB 2	18,696,522	698,416,903	717,113,425
Total MDT Other Leg. (HB5, HB 10)	0	18,801,352	18,801,352
Total Expenditures / Appropriations	18,696,522	717,218,255	735,914,777
Revenue less Expenditures/Appropriations	3,076,193	(62,510,866)	(59,434,673)
Actual / Projected Ending Balance	\$9,248,757	\$66,029,521	\$75,278,278
¹ Revenues based HJ 2 projections. Other revenues and federal indirect cost recovery are projected by MDT.			

To some degree, the MDT major accounts are managed in tandem. When revenues are not sufficient in one of the accounts, authority may be moved to another, while considering the constraints of the restricted nature of the account. As such, a combined balance is included for informational purposes. The combined balance of the MDT major accounts is projected to be \$134.7 million at the beginning of the 2027 biennium. If the agencies fully expend appropriations as currently planned in the 2027 budgets and the anticipated revenues are realized as projected, the combined balance would be \$75.3 million at the end of the 2027 biennium.

Constitutionally Restricted HSSRA

As shown in the figure, HSSRA is expected to start the 2027 biennium with a positive working capital balance of \$128.5 million. The revenue estimates included in HJ 2 would provide \$654.7 million in the biennium. The budget requests include \$717.2 million of appropriations. As requested, appropriations are higher than ongoing revenues. This decreases the projected working capital balance to \$66.0 million. Structural balance is the measure of ongoing revenues less ongoing expenses. When appropriation requests outpace ongoing revenues, the result is a negative structural balance. This proposal uses leftover working capital balance to cover the discrepancy between ongoing revenues and ongoing expenditure requests, however longer-term this may be unsustainable.

Non-restricted HSSRA-NR

HSSRA-NR supports the operations of four programs in MDT. As shown in the figure, the account is expected to start the 2027 biennium with a balance of \$6.2 million. Total revenue in the biennium is projected to be \$21.8 million and total appropriations requested are \$18.7 million, increasing the fund balance by \$3.1 million over the biennium and providing a projected balance of \$9.2 million by the end of the 2027 biennium.

The MDT major funds figure provides a high-level view of the working capital balances of the highway state special revenue accounts, a more detailed view of account activities and budgeting is found online.

Federal Aid Highway Funding

The federal Infrastructure, Investment and Jobs Act (IIJA) was signed into law in the fall of 2021. IIJA provides approximately a 20% increase to funding for Montana over the previous highway spending bill and is expected to be the new level from which federal transportation funding grows. Montana currently has a 13/87 state/federal match for a majority of its federal funding.

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	2,019.77	2,019.77	2,045.77	2,045.77
Personal Services	181,256,966	187,320,571	195,494,675	200,415,078	200,898,996
Operating Expenses	659,236,747	686,458,996	731,782,883	807,922,495	827,362,843
Equipment & Intangible Assets	3,056,946	5,305,176	4,167,186	5,088,081	5,088,081
Capital Outlay	18,721,209	19,430,498	12,956,865	14,756,865	12,956,865
Grants	25,050,985	28,720,818	30,730,768	60,212,854	50,648,915
Transfers	2,689,419	3,191,417	2,972,256	3,722,256	3,722,256
Debt Service	1,129,433	1,268,334	993,578	3,390,578	2,836,578
Total Expenditures	\$891,141,705	\$931,695,810	\$979,098,211	\$1,095,508,207	\$1,103,514,534
State/Other Special Rev. Funds	322,692,321	342,133,906	336,303,560	380,400,065	380,797,936
Federal Spec. Rev. Funds	568,449,384	589,561,904	642,794,651	715,108,142	722,716,598
Total Funds	\$891,141,705	\$931,695,810	\$979,098,211	\$1,095,508,207	\$1,103,514,534
Total Ongoing	\$887,446,967	\$927,915,810	\$978,923,211	\$1,092,577,596	\$1,102,388,723
Total OTO	\$3,694,738	\$3,780,000	\$175,000	\$2,930,611	\$1,125,811

Agency Description

The Department of Transportation is the agency responsible for administering the transportation network in Montana. The department plans, designs, builds, and maintains the statewide network of highways and bridges. The department also provides for the other aspects of a statewide multimodal transportation system through:

- Aviation airport planning, safety, promotion, and maintenance facilitation
- Rail infrastructure coordination, monitoring, and planning
- Highway traffic safety promotion, planning, and administration
- Vehicle weight and dimension permitting and law enforcement
- Transit assistance

The Governor-appointed five-member transportation commission establishes department priorities and apportions funding among the five state financial districts according to statutory guidelines, department recommendations, and community input. The Governor-appointed nine-member Board of Aeronautics establishes priorities for department aeronautics grant activities.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The overall FY 2024 budget was 95.6% expended. Personal services were 96.8% expended for FY 2024. Operating expenses were 96.6% expended. Compared with other categories equipment and intangible assets has lower expenditures at 61.8% expended. All programs spent less than planned in equipment & intangible assets due to inflation and delayed purchases. Unused funds are still available as all MDT appropriations are biennial.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The overall FY 2025 appropriation is 5.1% higher than the FY 2024 appropriation. The state special revenue appropriation decreased by 1.7% while the federal appropriation increased by 9.0%. Most programs have increases in federal funding in the second year of the biennium ranging from 5.9% in maintenance to 93.2% in aeronautics. Overall personal services increased by 4.4% in FY 2025. Operating expense in FY 2025 is 6.6% higher than the previous year.

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 Office of Budget and Program Planning and the Fiscal Division to be the point from which any changes would be recorded for the 2027 biennium budgeting process.

Montana Department of Transportation Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
	Legislative Budget	Executive Modifications	Base Budget	% Change
01 GENERAL OPERATIONS PROGRAM				
61000 Personal Services	19,652,472	208,385	19,860,857	1.1%
62000 Operating Expenses	20,580,695	75,000	20,655,695	0.4%
66000 Grants	75,000	(75,000)	-	-100.0%
Total	40,308,167	208,385	40,516,552	0.5%
02 HIGHWAYS & ENGINEERING				
61000 Personal Services	85,970,657	(208,385)	85,762,272	-0.2%
62000 Operating Expenses	599,724,179	(10,680,200)	589,043,979	-1.8%
63000 Equipment & Intangible Assets	2,665,262		2,665,262	0.0%
64000 Capital Outlay	12,956,865		12,956,865	0.0%
66000 Grants	4,130,628	(1,921,875)	2,208,753	-46.5%
68000 Transfers		-	-	0.0%
69000 Debt Service		880,142	880,142	100.0%
Total	705,447,591	(11,930,318)	693,517,273	-1.7%
03 MAINTENANCE PROGRAM				
61000 Personal Services	68,074,806		68,074,806	0.0%
62000 Operating Expenses	105,592,269		105,592,269	0.0%
63000 Equipment & Intangible Assets	370,208		370,208	0.0%
64000 Capital Outlay	0		-	0.0%
Total	174,037,283		174,037,283	0.0%
22 MOTOR CARRIER SERVICES				
61000 Personal Services	10,488,865	-	10,488,865	0.0%
62000 Operating Expenses	4,022,321	314,064	4,336,385	7.8%
63000 Equipment & Intangible Assets	1,041,716	(460,000)	581,716	-44.2%
68000 Transfers	113,030	32,500	145,530	28.8%
69000 Debt Service		113,436	113,436	100.0%
Total	15,665,932	-	15,665,932	0.0%
40 AERONAUTICS PROGRAM				
61000 Personal Services	905,237		905,237	0.0%
62000 Operating Expenses	2,452,256		2,452,256	0.0%
66000 Grants	20,000		20,000	0.0%
68000 Transfers	13,800		13,800	0.0%
Total	3,391,293		3,391,293	0.0%
50 RAIL TRANSIT & PLANNING				
61000 Personal Services	10,402,638	-	10,402,638	0.0%
62000 Operating Expenses	9,527,299		9,527,299	0.0%
63000 Equipment & Intangible Assets	550,000		550,000	0.0%
66000 Grants	26,502,015	2,000,000	28,502,015	7.5%
68000 Transfers	2,812,926	-	2,812,926	0.0%
Total	49,794,878	2,000,000	51,794,878	4.0%
Agency Total	988,645,144	(9,721,933)	978,923,211	-1.0%

Executive modifications to the base budget include the following adjustments:

- A transfer of two positions and associated personal services from the construction program to the general operations
- Realignment between operating costs and grants following the passage of HB 76 which changed city/county fuel tax allocations
- A transfer of COVID related funds from FY 25 to FY 24 to use up remaining CARES Act appropriation authority
- Transfers from operating expenses to debt service to comply with a GASB accounting rule for certain types of leases
- A transfer of grant authority from Highways and Engineering to Rail, Transit and Planning where the grant is managed
- Realignment of grant funds due to changes in overtime eligibility and match rates

HB 2 Language -

The following language is requested in HB 2:

"The Department of Transportation may adjust appropriations between state special revenue and federal special revenue funds if the total state special revenue authority by program is not increased by more than 10% of the total appropriations established by the Legislature."

"All appropriations in the Department of Transportation are biennial."

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	186.30	185.30	185.30	(1.00)	(0.3%)
State/Other Special Rev. Funds	38,939,947	42,119,189	41,180,281	5,419,576	7.0%
Federal Spec. Rev. Funds	1,576,605	1,579,990	1,581,788	8,568	0.3%
Total Funds	40,516,552	43,699,179	42,762,069	5,428,144	6.7%
Personal Services	19,860,857	19,874,995	19,928,524	81,805	0.2%
Operating Expenses	20,655,695	21,427,184	20,990,545	1,106,339	2.7%
Debt Service		2,397,000	1,843,000	4,240,000	0.0%
Total Expenditures	40,516,552	43,699,179	42,762,069	5,428,144	6.7%
Total Ongoing	40,516,552	43,699,179	42,762,069	5,428,144	6.7%
Total One-Time-Only	175,000			(350,000)	(100.0%)

Program Highlights

**General Operation Program
Major Budget Highlights**

The General Operations Program's 2027 biennium appropriations are approximately \$5.4 million or 6.7% higher than the FY 2025 base budget. The increase is comprised of 99.8% state special revenue. Significant changes include:

- Statewide present law adjustments (SWPL) totaling \$1.3 million for the biennium consisting of 99.3% state special revenue and 0.7% federal special revenue
 - The majority of SWPL adjustments are from DP 2, Fixed Costs. The agency consolidates most fixed costs in the General Operations Program
 - DP1 - Personal services adjustments of \$132,524 in FY 2026 and \$186,055 in FY 2027
 - A negative adjustment in DP 3 - inflation/deflation due to reduced motor pool rates
- Present law adjustments totaling \$140,000 state special for the biennium
 - A present law adjustment of \$70,000 state special revenue in each fiscal year for increased costs in the employee safety program
- New Proposals totaling \$4.0 million
 - A new proposal for a decrease of 1.00 PB and a reduction of \$236,774 state special revenue for the biennium as part of a targeted consolidation of security in the executive branch
 - A new proposal for \$4.2 million for the biennium for software maintenance and hosting fees of MDT's new financial and billing system. This increase is categorized as debt service due to the required accounting treatment of long-term leases

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.

General Operations Program 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	38,939,947	1,576,605	40,516,552	92.7%	0	38,939,947	1,576,605	40,516,552	94.7%
Statewide PL										
Personal Services	0	128,548	3,976	132,524	0.3%	0	180,473	5,582	186,055	0.4%
Fixed Costs	0	706,033	0	706,033	1.6%	0	267,922	0	267,922	0.6%
Inflation Deflation	0	(3,953)	(591)	(4,544)	(0.0%)	0	(2,673)	(399)	(3,072)	(0.0%)
Total Statewide PL	0	830,628	3,385	834,013	1.9%	0	445,722	5,183	450,905	1.1%
Present Law (PL)	0	70,000	0	70,000	0.2%	0	70,000	0	70,000	0.2%
New Proposals	0	2,278,614	0	2,278,614	5.2%	0	1,724,612	0	1,724,612	4.0%
Total HB 2 Adjustments	0	3,179,242	3,385	3,182,627	7.3%	0	2,240,334	5,183	2,245,517	5.3%
Total Requested Budget	0	42,119,189	1,579,990	43,699,179		0	41,180,281	1,581,788	42,762,069	

Funding

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

Department of Transportation, 01-General Operations Program 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%	
02129 LOCAL GOVT FUEL TAX	0	0	0	84,185,286	84,185,286	46.8%	
02303 Tribal Motor Fuels Tax Acct	0	0	0	12,262,202	12,262,202	6.8%	
02422 Highways Special Revenue	83,299,470	0	0	0	83,299,470	46.3%	
State Special Total	\$83,299,470	\$0	\$0	\$96,447,488	\$179,746,958	98.3%	
03407 Highway Trust - Sp Rev	3,161,778	0	0	0	3,161,778	100.0%	
Federal Special Total	\$3,161,778	\$0	\$0	\$0	\$3,161,778	1.7%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$86,461,248	\$0	\$0	\$96,447,488	\$182,908,736		

HB 2 Appropriations

The General Operations Program has HB 2 appropriation authority in the amount of \$86.5 million for the 2027 biennium. This is comprised of 98.3% state special revenue and 1.7% federal special revenue. The General Operations Program is primarily funded from HSSRA (02422) and federal highway trust special revenue. HSSRA receives revenue from motor fuel taxes, gross vehicle weight permit fees, and reimbursements for indirect costs associated with the federal-aid highway program via a Federal Highways Administration (FHWA) approved indirect cost plan. Federal funding is available for assistance for disadvantaged businesses, on-the-job training programs, fuel tax evasion prevention efforts, and direct administrative expenses associated with the federal-aid highway program.

Statutory Appropriations

The General Operations Program is responsible for the distribution of \$96.4 million in statutory appropriations. Most of this, \$84.2 million, are the distributions of fuel taxes to cities, towns, counties, and consolidated city-county governments. The remaining \$12.3 million is distributed through the tribal motor fuels accounts as a function of the revenue sharing agreements between the tribes and the state. For more information on the local government distributions, see the statutory appropriations section of the MDT summary.

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	186.30	186.30	185.30	185.30
Personal Services	18,024,337	19,188,633	19,860,857	19,874,995	19,928,524
Operating Expenses	13,891,325	15,760,147	20,830,695	21,427,184	20,990,545
Debt Service	0	0	0	2,397,000	1,843,000
Total Expenditures	\$31,915,662	\$34,948,780	\$40,691,552	\$43,699,179	\$42,762,069
State/Other Special Rev. Funds	31,250,693	33,411,499	39,114,947	42,119,189	41,180,281
Federal Spec. Rev. Funds	664,969	1,537,281	1,576,605	1,579,990	1,581,788
Total Funds	\$31,915,662	\$34,948,780	\$40,691,552	\$43,699,179	\$42,762,069
Total Ongoing	\$31,740,924	\$34,773,780	\$40,516,552	\$43,699,179	\$42,762,069
Total OTO	\$174,738	\$175,000	\$175,000	\$0	\$0

Program Description

The General Operations Program provides overall policy direction and management to the agency, administers motor fuel taxes, and provides administrative support services for the department, including leadership and administration, accounting and budgeting, civil rights and equal opportunity, legal services, public affairs, information technology, human resources and occupational safety, compliance review, and goods and services procurement.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The General Operations Program expended a total of 91.5% of its FY 2024 HB 2 appropriation of \$34.9 million. The personal services budget of \$19.2 million was 93.9% expended, and operating expenses of \$15.7 million were 88.6% expended. Funding for the General Operations Program included 95.6% state special funds and 4.4% federal funds.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation of \$40.7 million is 16.4% above the FY 2024 appropriation of \$34.9 million. Personal services are 9.6% greater due to career ladder changes, promotions, and increases in the pay plan. Operating costs in FY 2025 are 32.2% higher, this is due to the reintroduction of the Risk Management and Tort Defense (RMTD) adjustment from last session.

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	128,548	3,976	132,524	0.00	0	180,473	5,582	186,055
DP 2 - Fixed Costs	0.00	0	706,033	0	706,033	0.00	0	267,922	0	267,922
DP 3 - Inflation Deflation	0.00	0	(3,953)	(591)	(4,544)	0.00	0	(2,673)	(399)	(3,072)
DP 105 - Employee Safety Program	0.00	0	70,000	0	70,000	0.00	0	70,000	0	70,000
Grand Total All Present Law Adjustments	0.00	\$0	\$900,628	\$3,385	\$904,013	0.00	\$0	\$515,722	\$5,183	\$520,905

***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

Department of Transportation General Operations Program FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 244,459
Management Changes	\$ (320,320)
Budget modifications	\$ 208,385
Total	\$ 132,524

Legislative changes in the General Operations Program include a decrease in longevity offset by increased benefits. Management changes include an increase in vacancy savings offset by increases to the pay plan, career ladder changes, promotion adjustments and retention pay. Vacant positions were filled at higher rates. A budget modification moved two positions and associated pay and benefits from the Highways and Engineering Program.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 105 - Employee Safety Program -

The executive requests an increase in state special revenue appropriation for FY 2026 and FY 2027 due to contracted increases for MDT employee safety activities.

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 101 - ITSD Security Consolidation										
(1.00)	0	(118,386)	0	(118,386)		(1.00)	0	(118,388)	0	(118,388)
DP 108 - Financial Software Maintenance and Hosting Fees										
0.00	0	2,397,000	0	2,397,000		0.00	0	1,843,000	0	1,843,000
Total	(1.00)	\$0	\$2,278,614	\$0	\$2,278,614	(1.00)	\$0	\$1,724,612	\$0	\$1,724,612

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

DP 101 - ITSD Security Consolidation -

The executive requests a reduction of 1.00 PB from General Operations Program (GOP) as part of security consolidation efforts across the Executive Branch. Page R-5 of HB 2 from the 68th Legislature directed the State Information Technology Services Division work with the Office of Budget and Program Planning to identify and reduce 8.00 PB across state agencies as part of the information technology security consolidation project. One PB from GOP was identified and is being removed with this change package. The package requests a reduction of \$236,774 in total funds for the biennium, from state special revenue.

DP 108 - Financial Software Maintenance and Hosting Fees -

The executive requests an increase in state special revenue appropriation for FY 2026 and FY 2027 for ongoing hosting and maintenance costs for the department's financial cost accounting system. Implementation of the system is expected to be complete in the fall of 2025.

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	858.72	873.72	873.72	15.00	0.9%
State/Other Special Rev. Funds	109,990,657	130,713,514	133,452,876	44,185,076	20.1%
Federal Spec. Rev. Funds	583,526,616	632,470,936	649,861,008	115,278,712	9.9%
Total Funds	693,517,273	763,184,450	783,313,884	159,463,788	11.5%
Personal Services	85,762,272	88,900,001	89,101,808	6,477,265	3.8%
Operating Expenses	589,043,979	644,652,532	664,580,159	131,144,733	11.1%
Equipment & Intangible Assets	2,665,262	3,586,157	3,586,157	1,841,790	34.6%
Capital Outlay	12,956,865	12,956,865	12,956,865		0.0%
Grants	2,208,753	12,208,753	12,208,753	20,000,000	452.7%
Debt Service	880,142	880,142	880,142		0.0%
Total Expenditures	693,517,273	763,184,450	783,313,884	159,463,788	11.5%
Total Ongoing	693,517,273	762,163,555	782,292,989	157,421,998	11.3%
Total One-Time-Only		1,020,895	1,020,895	2,041,790	0.0%

Program Highlights

Highways and Engineering Major Budget Highlights
<p>The Highway and Engineering program's 2027 biennium appropriations are approximately \$159.5 million or 11.5% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> • Statewide present law (SWPL) increases totaling \$3.2 million for the biennium. 45.0% state special, 55.0% federal special. These include: <ul style="list-style-type: none"> ◦ DP 1 - Personal Services: \$3.3 million ◦ DP 3 - Inflation/deflation: (\$10,598) • Present law increases totaling \$132.9 million for the biennium including: <ul style="list-style-type: none"> ◦ An increase of \$53.7 million in FY 2026 and \$73.7 million in FY 2027 for anticipated increases to formula-based federal funding for contractor payments and associated match needs. 13.4% state special, 86.6% federal ◦ A one-time-only increase of \$1.0 million state special revenue in each fiscal year for repair and replacement of construction equipment ◦ An increase of \$1.8 million in each fiscal year for increased equipment rental costs, this consists of approximately \$1.7 million state special funds and \$630,000 federal special funds • New proposals totaling \$23.3 million and 15.00 PB for the biennium <ul style="list-style-type: none"> ◦ A new proposal for \$10.0 million per year for repair and maintenance of off-system bridges, contingent upon passage of legislation ◦ New proposals for a total of 15.00 PB and a total of \$1.7 million consisting of 60% federal funding and 40% state special funding for the following functions <ul style="list-style-type: none"> ▪ Bridge Infrastructure Resources, 10.00 PB ▪ Alternative contracting Engineers, 2.00 PB ▪ Asset Management Liaison, 1.00 PB ▪ Hydraulic Culvert Engineer, 1.00 PB ▪ Computer Aided Drafting and Design (CADD) Specialist, 1.00 PB
Legislative Action Items
<ul style="list-style-type: none"> • The governor's budget includes an appropriation of \$10.0 million per year contingent upon passage and approval of LCXXXX

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.

Highways and Engineering 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	109,990,657	583,526,616	693,517,273	90.9%	0	109,990,657	583,526,616	693,517,273	88.5%
Statewide PL										
Personal Services	0	686,113	838,583	1,524,696	0.2%	0	776,931	949,582	1,726,513	0.2%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(2,909)	(3,415)	(6,324)	(0.0%)	0	(1,966)	(2,308)	(4,274)	(0.0%)
Total Statewide PL	0	683,204	835,168	1,518,372	0.2%	0	774,965	947,274	1,722,239	0.2%
Present Law (PL)	0	9,344,806	47,092,366	56,437,172	7.4%	0	12,029,240	64,408,609	76,437,849	9.8%
New Proposals	0	10,694,847	1,016,786	11,711,633	1.5%	0	10,658,014	978,509	11,636,523	1.5%
Total HB 2 Adjustments	0	20,722,857	48,944,320	69,667,177	9.1%	0	23,462,219	66,334,392	89,796,611	11.5%
Total Requested Budget	0	130,713,514	632,470,936	763,184,450		0	133,452,876	649,861,008	783,313,884	

Funding

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

Department of Transportation, 02-Highways and Engineering 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%	
02179 Local Bridge Projects	20,000,000	0	0	0	20,000,000	5.7%	
02253 Local Road and Bridge Account	0	0	0	58,091,969	58,091,969	16.5%	
02349 Highway Non-Restricted Account	290,012	0	0	0	290,012	0.1%	
02422 Highways Special Revenue	241,834,588	2,041,790	0	0	243,876,378	69.2%	
02435 SAFER Account	0	0	0	30,000,000	30,000,000	8.5%	
02437 LTAP	0	0	0	300,000	300,000	0.1%	
State Special Total	\$262,124,600	\$2,041,790	\$0	\$88,391,969	\$352,558,359	21.6%	
03407 Highway Trust - Sp Rev	1,282,331,944	0	0	0	1,282,331,944	100.0%	
Federal Special Total	\$1,282,331,944	\$0	\$0	\$0	\$1,282,331,944	78.4%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$1,544,456,544	\$2,041,790	\$0	\$88,391,969	\$1,634,890,303		

HB 2 Appropriations

Costs eligible for reimbursement under the federal-aid construction program are funded with the restricted highway state special revenue account (HSSRA) and federal special revenue funds distributed by the U.S. Department of Transportation and apportioned to Montana. Construction design, construction, and construction management costs, as well as indirect administrative costs for construction activities, are generally eligible for federal reimbursement. The state match requirement is based on a sliding scale match, which is currently 86.6% federal with a 13.4% state match for most direct construction related costs. The primary sources of revenues in the restricted state special revenue accounts are highway-user fees derived from motor fuel taxes and gross vehicle weight fees. The executive request includes a one-time appropriation totaling \$2.0 million for the biennium to repair and replace construction equipment. The Local Bridge Projects account appropriation is contingent on passage and approval of LCXXXX.

Statutory Appropriations

Statutory appropriations include the LTAP program, distributions from the SAFER fund and the local roads and bridges account.

The SAFER fund is a result of HB 267 (2023 session) and allows up to \$15.0 million per fiscal year to be used as match for discretionary grants and August redistribution until the fund is exhausted.

The local roads and bridges account allows for a state matching source for projects on off-system bridges, secondary and urban highway system routes, and discretionary grants awarded to local governments until the account is fully expended.

The amount of \$300,000 is to be distributed for the purposes and functions of the Montana Local Technical Assistance Transportation Program (LTAP) at Montana State University.

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	858.72	858.72	873.72	873.72
Personal Services	80,124,027	82,250,687	85,762,272	88,900,001	89,101,808
Operating Expenses	536,891,448	547,653,881	589,043,979	644,652,532	664,580,159
Equipment & Intangible Assets	1,702,356	2,665,262	2,665,262	3,586,157	3,586,157
Capital Outlay	18,677,576	18,756,865	12,956,865	12,956,865	12,956,865
Grants	1,125,821	3,408,753	2,208,753	12,208,753	12,208,753
Debt Service	877,447	880,248	880,142	880,142	880,142
Total Expenditures	\$639,398,675	\$655,615,696	\$693,517,273	\$763,184,450	\$783,313,884
State/Other Special Rev. Funds	118,232,892	121,895,855	109,990,657	130,713,514	133,452,876
Federal Spec. Rev. Funds	521,165,783	533,719,841	583,526,616	632,470,936	649,861,008
Total Funds	\$639,398,675	\$655,615,696	\$693,517,273	\$763,184,450	\$783,313,884
Total Ongoing	\$635,878,675	\$652,095,696	\$693,517,273	\$762,163,555	\$782,292,989
Total OTO	\$3,520,000	\$3,520,000	\$0	\$1,020,895	\$1,020,895

Program Description

The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project designs, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is responsible for the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work is approved. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Construction program expended a total of 97.5% of its FY 2024 appropriation of \$655.6 million. The personal services budget of \$82.3 million was 97.4% expended, and operating expenses of \$547.7 million were 98.0% expended. Funding for the construction program included 18.6% state special funds and 81.4% federal funds. This is similar to the federal to state match rate for eligible projects of approximately 87.0% federal funds to 13.0% state funds.

while the state special portion decreased by 9.7%. Personal services were 4.3% greater due to pay plan increases, career ladder adjustments, promotions, retention pay, and filling positions at higher rates. Operating costs in FY 2025 are 7.5% higher due mostly to construction inflation. In FY 2025 operating costs are funded with a larger portion of federal funding and less state special funding. In FY 2024 79.4% of operating costs were federal, compared with 91.3% in FY 2025.

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	686,113	838,583	1,524,696	0.00	0	776,931	949,582	1,726,513
DP 3 - Inflation Deflation	0.00	0	(2,909)	(3,415)	(6,324)	0.00	0	(1,966)	(2,308)	(4,274)
DP 4 - Equipment Rental	0.00	0	1,122,149	629,732	1,751,881	0.00	0	1,122,583	629,975	1,752,558
DP 205 - Construction Equipment Repair and Replacement (OTO)	0.00	0	1,020,895	0	1,020,895	0.00	0	1,020,895	0	1,020,895
DP 214 - Contractor Payments	0.00	0	7,201,762	46,462,634	53,664,396	0.00	0	9,885,762	63,778,634	73,664,396
Grand Total All Present Law Adjustments	0.00	\$0	\$10,028,010	\$47,927,534	\$57,955,544	0.00	\$0	\$12,804,205	\$65,355,883	\$78,160,088

**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

Department of Transportation	
Highways and Engineering Program	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 1,166,127
Management Changes	\$ 566,954
Budget modifications	\$ (208,385)
Total	\$ 1,524,696

The Highways and Engineering Program had legislative changes including increased benefits and longevity, Management changes in the program included career ladder increases, promotion adjustments, retention pay and pay plan increases. Additionally, vacant positions were filled at higher rates of pay. Budget modifications reflect the transfer of positions to General Operations.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental -

The executive requests an increase to state and federal special revenue in FY 2026 and FY 2027 due to an increase in equipment rental usage and associated rate changes from the agency's Equipment Program.

DP 205 - Construction Equipment Repair and Replacement (OTO) -

The executive requests a one-time-only (OTO) increase in state special revenue for FY 2026 and FY 2027 to repair and replace construction equipment.

DP 214 - Contractor Payments -

The executive requests an increase in state and federal special revenue appropriation authority in FY 2026 and FY 2027 based on a preliminary estimate for the anticipated increase in the Federal Highway Administration (FHWA) formula-based funding programs.

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 208 - Bridge Infrastructure Resources										
10.00	0	334,549	780,615	1,115,164		10.00	0	321,646	750,508	1,072,154
DP 209 - Alternative Contracting Engineers										
2.00	0	62,227	186,680	248,907		2.00	0	60,077	180,230	240,307
DP 210 - Asset Management Liaison										
1.00	0	103,909	25,977	129,886		1.00	0	100,469	25,117	125,586
DP 211 - Hydraulic Culvert Engineer										
1.00	0	94,054	23,514	117,568		1.00	0	90,614	22,654	113,268
DP 213 - CADD Specialist										
1.00	0	100,108	0	100,108		1.00	0	85,208	0	85,208
DP 220 - Off System Bridges										
0.00	0	10,000,000	0	10,000,000		0.00	0	10,000,000	0	10,000,000
Total	15.00	\$0	\$10,694,847	\$1,016,786	\$11,711,633	15.00	\$0	\$10,658,014	\$978,509	\$11,636,523

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

DP 208 - Bridge Infrastructure Resources -

The executive requests 10.00 PB to develop a bridge replacement and rehabilitation project list and aid implementation of a five-year plan to address aging bridges.

DP 209 - Alternative Contracting Engineers -

The executive requests an increase of 2.00 PB for an increase in use of alternative contracting programs.

DP 210 - Asset Management Liaison -

The executive requests 1.00 PB to implement a comprehensive asset management program to monitor transportation assets beyond pavement and bridges, including: culverts, light poles, MDT facilities, weigh scales, airports, bridges, and pavement.

DP 211 - Hydraulic Culvert Engineer -

The executive requests 1.00 PB for a hydraulic culvert engineer to assist in the development and operation of a statewide culvert asset inventory program.

DP 213 - CADD Specialist -

The executive requests an increase of 1.00 PB for a Computer Aided Drafting & Design (CADD) specialist to carry out on-going software training for the CADD software system in order to decrease the use of contracted training services.

DP 220 - Off System Bridges -

The executive requests \$10,000,000 per year of state special appropriation authority for repair and maintenance on Montana's off-system bridges. Funding is related to the luxury vehicle tax and is contingent on passage of legislation.

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	741.55	747.55	747.55	6.00	0.4%
State/Other Special Rev. Funds	162,539,395	177,492,895	177,418,873	29,832,978	9.2%
Federal Spec. Rev. Funds	11,497,888	15,137,789	13,560,407	5,702,420	24.8%
Total Funds	174,037,283	192,630,684	190,979,280	35,535,398	10.2%
Personal Services	68,074,806	68,860,130	69,019,746	1,730,264	1.3%
Operating Expenses	105,592,269	121,600,346	121,589,326	32,005,134	15.2%
Equipment & Intangible Assets	370,208	370,208	370,208		0.0%
Capital Outlay		1,800,000		1,800,000	0.0%
Total Expenditures	174,037,283	192,630,684	190,979,280	35,535,398	10.2%
Total Ongoing	174,037,283	190,720,968	190,874,364	33,520,766	9.6%
Total One-Time-Only		1,909,716	104,916	2,014,632	0.0%

Program Highlights

Maintenance Program Major Budget Highlights	
<p>The Maintenance Program's 2027 biennium appropriations are approximately \$35.5 million or 10.2% higher than the FY 2025 base budget.</p> <ul style="list-style-type: none"> Statewide present law adjustments total \$401,403 for the biennium, 99.5% state special, 0.5% federal special revenue <ul style="list-style-type: none"> DP 1, personal services: \$402,754 DP 3, inflation/deflation: \$(1,351) Present law adjustments total \$31.0 million for the biennium <ul style="list-style-type: none"> DP 4, Equipment Rental: \$22.4 million, 100.0% state special revenue - due to increases in costs and usage DP 305, Epoxy Projects: \$3.5 million, 13.4% state special, 86.4% federal - due to increases in the federal program DP 306, Winter Maintenance Materials: \$4.5 million, 100.0% state special - due to cost increases for sand and de-icing materials The remaining present law decision packages (DP)s support road infrastructure repair and the replacement of aging deicer tanks New proposals total \$4.1 million for the biennium: <ul style="list-style-type: none"> DP 308, Bridge Preservation, Maintenance and Response Team, increase of 6.00 FTE and \$1.3 million, 13.4% state special, 86.6% federal DP 309, Permanent Variable Message Signs (OTO), one-time-only increase of \$2.0 million for installation of 6 signs at key locations, 22.6% state special, 77.4% federal DP 310, Contracted Underground Locates \$812,000, 100.0% state special 	

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.

Maintenance Program 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	162,539,395	11,497,888	174,037,283	90.3%	0	162,539,395	11,497,888	174,037,283	91.1%
Statewide PL										
Personal Services	0	120,961	608	121,569	0.1%	0	279,779	1,406	281,185	0.1%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(806)	0	(806)	(0.0%)	0	(545)	0	(545)	(0.0%)
Total Statewide PL	0	120,155	608	120,763	0.1%	0	279,234	1,406	280,640	0.1%
Present Law (PL)	0	13,996,061	1,525,966	15,522,027	8.1%	0	14,000,380	1,525,966	15,526,346	8.1%
New Proposals	0	837,284	2,113,327	2,950,611	1.5%	0	599,864	535,147	1,135,011	0.6%
Total HB 2 Adjustments	0	14,953,500	3,639,901	18,593,401	9.7%	0	14,879,478	2,062,519	16,941,997	8.9%
Total Requested Budget	0	177,492,895	15,137,789	192,630,684		0	177,418,873	13,560,407	190,979,280	

Funding

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

Department of Transportation, 03-Maintenance Program 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%	
02044 Antilittering Signs	0	0	0	4,642	4,642	0.0%	
02121 Shared-Use Path	0	0	0	122,114	122,114	0.0%	
02349 Highway Non-Restricted Account	15,663,688	0	0	0	15,663,688	4.4%	
02422 Highways Special Revenue	338,791,888	456,192	0	0	339,248,080	95.6%	
State Special Total	\$354,455,576	\$456,192	\$0	\$126,756	\$355,038,524	92.5%	
03407 Highway Trust - Sp Rev	27,139,756	1,558,440	0	0	28,698,196	100.0%	
Federal Special Total	\$27,139,756	\$1,558,440	\$0	\$0	\$28,698,196	7.5%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$381,595,332	\$2,014,632	\$0	\$126,756	\$383,736,720		

HB 2 Appropriations

The state special revenue funding of the maintenance program is derived from highway state special revenue accounts. The funding proposal includes state special support from HSSRA (02422). Federal special revenue also funds qualifying highway maintenance activities determined by the Federal Highway Administration.

Statutory Appropriations

The Maintenance Program has statutory appropriations that allow expenditures for shared-use paths and anti-littering signs. The funding for these appropriations is derived from an opt-in vehicle license fee.

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	741.55	741.55	747.55	747.55
Personal Services	62,623,970	64,929,016	68,074,806	68,860,130	69,019,746
Operating Expenses	99,143,096	107,730,373	105,592,269	121,600,346	121,589,326
Equipment & Intangible Assets	562,262	860,208	370,208	370,208	370,208
Capital Outlay	0	630,000	0	1,800,000	0
Total Expenditures	\$162,329,328	\$174,149,597	\$174,037,283	\$192,630,684	\$190,979,280
State/Other Special Rev. Funds	151,520,401	162,456,143	162,539,395	177,492,895	177,418,873
Federal Spec. Rev. Funds	10,808,927	11,693,454	11,497,888	15,137,789	13,560,407
Total Funds	\$162,329,328	\$174,149,597	\$174,037,283	\$192,630,684	\$190,979,280
Total Ongoing	\$162,329,328	\$174,149,597	\$174,037,283	\$190,720,968	\$190,874,364
Total OTO	\$0	\$0	\$0	\$1,909,716	\$104,916

Program Description

The Maintenance Program is responsible for the upkeep, repair, and preservation of over 25,000 lane miles of roadways. The Maintenance Program's responsibilities encompass a wide range of activities, including but not limited to snow and ice control, both reactive and preventive pavement preservations, pavement marking, road striping, sign maintenance, roadside vegetation management, and traveler information services. Additionally, the Maintenance Program coordinates disaster and emergency response for the department, manages the long-range building and state funded construction programs, oversees the land mobile radio communications program, and ensures quality control across for all maintenance activities, while addressing any other necessary roadway and roadside repairs and maintenance.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Maintenance Program expended a total of 95.2% of its FY 2024 appropriation of \$174.1 million. The personal services budget of \$64.9 million was 96.4% expended, and operating expenses of \$107.7 million were 95.4% expended. Funding for the Maintenance Program included 93.3% state special funds and 6.7% federal funds. The Maintenance Program houses the 100% state funded construction program which fulfills a requirement to receive a higher federal share for construction activities on eligible highways.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation of \$174.1 million is within 0.1% of the FY 2024 appropriation. The proportion of state and federal funding does not materially change in FY 2025. Personal services were 4.8% greater. Operating costs in FY 2023 are 2.0% lower.

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.bsp;

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	120,961	608	121,569	0.00	0	279,779	1,406	281,185
DP 3 - Inflation Deflation	0.00	0	(806)	0	(806)	0.00	0	(545)	0	(545)
DP 4 - Equipment Rental	0.00	0	11,179,534	0	11,179,534	0.00	0	11,183,853	0	11,183,853
DP 305 - Epoxy Projects	0.00	0	236,527	1,525,966	1,762,493	0.00	0	236,527	1,525,966	1,762,493
DP 306 - Winter Maintenance Materials	0.00	0	2,250,000	0	2,250,000	0.00	0	2,250,000	0	2,250,000
DP 307 - Infrastructure Repairs	0.00	0	200,000	0	200,000	0.00	0	200,000	0	200,000
DP 313 - Chemical Deicer Storage Tanks	0.00	0	130,000	0	130,000	0.00	0	130,000	0	130,000
Grand Total All Present Law Adjustments	0.00	\$0	\$14,116,216	\$1,526,574	\$15,642,790	0.00	\$0	\$14,279,614	\$1,527,372	\$15,806,986

*"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

Department of Transportation Maintenance Program FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 772,835
Management Changes	\$ (651,266)
Budget modifications	\$ -
Total	\$ 121,569

In the Maintenance Program legislative changes are increases associated with the pay plan and are offset by a decrease in longevity, while management changes to the Maintenance Program include increases for career ladder, promotion adjustment and training assignments, offset by an increase in vacancy savings. Reductions in longevity are a result of longer term employees leaving the agency.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental -

The executive requests an increase to state and federal special revenue in FY 2026 and FY 2027 due to an increase in equipment rental usage and associated rate changes from the agency's Equipment Program.

DP 305 - Epoxy Projects -

The executive requests additional authority to align state appropriations with the increase in the FHWA federal-aid program.

DP 306 - Winter Maintenance Materials -

The executive requests an increase in state special revenue due to increased costs of winter road maintenance materials.

DP 307 - Infrastructure Repairs -

The executive requests an increase in state special revenue due to increased costs of repairing damaged infrastructure such as guardrail and signs.

DP 313 - Chemical Deicer Storage Tanks -

The executive requests an increase in state special revenue for replacement of chemical deicer storage tanks.

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 308 - Bridge Preservation, Maintenance, and Repair Response Team										
6.00	0	86,008	554,887	640,895		6.00	0	82,948	535,147	618,095
DP 309 - Permanent Variable Message Signs (OTO)										
0.00	0	351,276	1,558,440	1,909,716		0.00	0	104,916	0	104,916
DP 310 - Contracted Underground Locates										
0.00	0	400,000	0	400,000		0.00	0	412,000	0	412,000
Total	6.00	\$0	\$837,284	\$2,113,327	\$2,950,611	6.00	\$0	\$599,864	\$535,147	\$1,135,011

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

DP 308 - Bridge Preservation, Maintenance, and Repair Response Team -

The executive requests 6.00 PB for bridge maintenance and inspections.

DP 309 - Permanent Variable Message Signs (OTO) -

The executive requests state special and federal special appropriation authority for the installation and maintenance of 6 permanent Variable Message Signs (VMS) at key locations.

DP 310 - Contracted Underground Locates -

The executive requests state special revenue appropriation authority to contract the locating of MDT underground utilities.

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	124.44	124.44	124.44	0.00	0.0%
State/Other Special Rev. Funds	10,568,925	10,786,656	10,812,264	461,070	2.2%
Federal Spec. Rev. Funds	5,097,007	5,225,615	5,233,466	265,067	2.6%
Total Funds	15,665,932	16,012,271	16,045,730	726,137	2.3%
Personal Services	10,488,865	10,578,949	10,612,176	213,395	1.0%
Operating Expenses	4,336,385	4,592,640	4,592,872	512,742	5.9%
Equipment & Intangible Assets	581,716	581,716	581,716		0.0%
Transfers	145,530	145,530	145,530		0.0%
Debt Service	113,436	113,436	113,436		0.0%
Total Expenditures	15,665,932	16,012,271	16,045,730	726,137	2.3%
Total Ongoing	15,665,932	16,012,271	16,045,730	726,137	2.3%
Total One-Time-Only					0.0%

Program Highlights

Motor Carrier Services Major Budget Highlights
<p>The Motor Carrier Service's (MCS) 2027 biennium appropriations are approximately \$726,000 or 2.3% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> Statewide present law adjustments total \$212,708 for the biennium 23.6% federal, 76.4% state special <ul style="list-style-type: none"> DP 1, Personal services: \$213,395 for the biennium DP 3, Inflation/deflation: \$(687) for the biennium Present law adjustments: \$513,429 for the biennium <ul style="list-style-type: none"> DP 4, Equipment rental: 41.9% federal, 58.1% state special

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.

Motor Carrier Services 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	10,568,925	5,097,007	15,665,932	97.8%	0	10,568,925	5,097,007	15,665,932	97.6%
Statewide PL										
Personal Services	0	68,914	21,170	90,084	0.6%	0	94,332	28,979	123,311	0.8%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	(410)	0	(410)	(0.0%)	0	(277)	0	(277)	(0.0%)
Total Statewide PL	0	68,504	21,170	89,674	0.6%	0	94,055	28,979	123,034	0.8%
Present Law (PL)	0	149,227	107,438	256,665	1.6%	0	149,284	107,480	256,764	1.6%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	217,731	128,608	346,339	2.2%	0	243,339	136,459	379,798	2.4%
Total Requested Budget	0	10,786,656	5,225,615	16,012,271		0	10,812,264	5,233,466	16,045,730	

Funding

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

Department of Transportation, 22-Motor Carrier Services 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%	
02294 Unified Carrier Registration	3,026,797	0	0	0	3,026,797	14.0%	
02349 Highway Non-Restricted Account	190,056	0	0	0	190,056	0.9%	
02422 Highways Special Revenue	18,382,067	0	0	0	18,382,067	85.1%	
State Special Total	\$21,598,920	\$0	\$0	\$0	\$21,598,920	67.4%	
03292 MCS Federal Grants	10,002,926	0	0	0	10,002,926	95.6%	
03407 Highway Trust - Sp Rev	456,155	0	0	0	456,155	4.4%	
Federal Special Total	\$10,459,081	\$0	\$0	\$0	\$10,459,081	32.6%	
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%	
Total All Funds	\$32,058,001	\$0	\$0	\$0	\$32,058,001		

HB 2 Appropriations

MCS is funded by the highway state special revenue accounts and federal special revenue. Two-thirds of the funding for the program is state special revenue, primarily the constitutionally restricted highway state special revenue account (HSSRA). Other state special revenues supporting program activities include unified carrier registration fees and the highway non-restricted account. Federal funds make up the remaining third and are derived from federal grant programs and distributions from the federal highway trust.

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	124.44	124.44	124.44	124.44
Personal Services	10,062,155	10,081,626	10,488,865	10,578,949	10,612,176
Operating Expenses	2,406,726	3,547,757	4,336,385	4,592,640	4,592,872
Equipment & Intangible Assets	704,318	1,225,916	581,716	581,716	581,716
Transfers	129,645	139,691	145,530	145,530	145,530
Debt Service	113,436	113,436	113,436	113,436	113,436
Total Expenditures	\$13,416,280	\$15,108,426	\$15,665,932	\$16,012,271	\$16,045,730
State/Other Special Rev. Funds	9,386,817	10,139,358	10,568,925	10,786,656	10,812,264
Federal Spec. Rev. Funds	4,029,463	4,969,068	5,097,007	5,225,615	5,233,466
Total Funds	\$13,416,280	\$15,108,426	\$15,665,932	\$16,012,271	\$16,045,730
Total Ongoing	\$13,416,280	\$15,108,426	\$15,665,932	\$16,012,271	\$16,045,730
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Motor Carrier Services (MCS) Program has the responsibility for commercial motor carrier safety, infrastructure protection, dyed fuel regulation, and trucking industry credentials. The MCS Commercial Vehicle Operations (CVO) Bureau registers interstate fleet vehicles, issues licenses and oversize/overweight permits, and collects and distributes fees and taxes. Additionally, the CVO Bureau ensures compliance with multiple federal commercial vehicle programs, as well as submits and provides oversight for various grant programs. The MCS Enforcement Bureau operates weigh stations and mobile enforcement statewide. MCS Officers inspect commercial vehicles for compliance with state and federal safety, registration, fuel, and size/weight laws. The Motor Carrier Safety Assistance Program (MCSAP) conducts commercial motor carrier safety compliance reviews and safety audits to ensure commercial vehicles, drivers, and motor carriers are compliant with state safety laws and federal regulations.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Motor Carrier Services Program expended a total of 90.0% or \$13.4 million of its \$15.1 million appropriation authority. The personal services budget was 99.8% expended at \$10.1 million, and operating expenses were 67.8% expended at \$2.4 million. Equipment and intangible assets were 72.8% expended. Equipment and intangible assets in this program are often covered by federal grants. Transfers were 92.8% expended. Transfers in this program are mainly for costs of the state law enforcement academy. The Motor Carrier Services Program is funded with roughly two-thirds state special funds and one-third federal funds.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is 3.7% greater than the FY 2024 appropriation. Personal services 4.0% greater in FY 2025, while operating expenses are 22.2% greater. This is mostly due to growth of the federal program and an increase of funds needed to match it. The equipment and intangibles asset appropriation is 55% lower than the FY 2024 appropriation due to fewer planned purchases.

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	68,914	21,170	90,084	0.00	0	94,332	28,979	123,311
DP 3 - Inflation Deflation	0.00	0	(410)	0	(410)	0.00	0	(277)	0	(277)
DP 4 - Equipment Rental	0.00	0	149,227	107,438	256,665	0.00	0	149,284	107,480	256,764
Grand Total All Present Law Adjustments	0.00	\$0	\$217,731	\$128,608	\$346,339	0.00	\$0	\$243,339	\$136,459	\$379,798

**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

Department of Transportation	
Motor Carrier Services Program	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 206,364
Management Changes	\$ (116,280)
Budget modifications	\$ -
Total	\$ 90,084

The Motor Carrier Services Program had legislative increases related to pay plan and benefits and management changes including increases from career ladder changes and promotion adjustments offset by an increase in vacancy savings.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental -

The executive requests an increase to state and federal special revenue appropriation in FY 2026 and FY 2027 for equipment rental usage and associated rate changes from the agency's Equipment Program.

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 FY 2025	Requested Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	9.00	9.00	9.00	0.00	0.0%
State/Other Special Rev. Funds	2,005,328	2,108,538	2,114,784	212,666	5.3%
Federal Spec. Rev. Funds	1,385,965	1,388,812	1,388,880	5,762	0.2%
Total Funds	3,391,293	3,497,350	3,503,664	218,428	3.2%
Personal Services	905,237	1,019,113	1,021,838	230,477	12.7%
Operating Expenses	2,452,256	2,444,437	2,448,026	(12,049)	(0.2%)
Grants	20,000	20,000	20,000		0.0%
Transfers	13,800	13,800	13,800		0.0%
Total Expenditures	3,391,293	3,497,350	3,503,664	218,428	3.2%
Total Ongoing	3,391,293	3,497,350	3,503,664	218,428	3.2%
Total One-Time-Only					0.0%

Program Highlights

Aeronautics Program Major Budget Highlights	
<p>The Aeronautics Program's 2027 biennium appropriations are approximately \$218,000 or 3.2% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> Statewide present law increase totaling \$218,428 for the biennium, 2.6% federal, 97.4% state special <ul style="list-style-type: none"> DP 1 - Personal services: \$230,477 for the biennium DP 2 - Fixed costs: (\$11,994) for the biennium DP 3 - Inflation/Deflation (\$55) for the biennium 	

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.

Aeronautics Program 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	2,005,328	1,385,965	3,391,293	97.0%	0	2,005,328	1,385,965	3,391,293	96.8%
Statewide PL										
Personal Services	0	111,029	2,847	113,876	3.3%	0	113,686	2,915	116,601	3.3%
Fixed Costs	0	(7,786)	0	(7,786)	(0.2%)	0	(4,208)	0	(4,208)	(0.1%)
Inflation Deflation	0	(33)	0	(33)	(0.0%)	0	(22)	0	(22)	(0.0%)
Total Statewide PL	0	103,210	2,847	106,057	3.0%	0	109,456	2,915	112,371	3.2%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	103,210	2,847	106,057	3.0%	0	109,456	2,915	112,371	3.2%
Total Requested Budget	0	2,108,538	1,388,812	3,497,350		0	2,114,784	1,388,880	3,503,664	

Funding

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

Department of Transportation, 40-Aeronautics Program 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%
02286 Aeronautical Loan Account	700,000	0	0	0	700,000	7.0%
02287 Aeronautical Grant Account	0	0	0	5,799,882	5,799,882	57.9%
02827 Aeronautics Division	3,523,322	0	0	0	3,523,322	35.2%
State Special Total	\$4,223,322	\$0	\$0	\$5,799,882	\$10,023,204	72.4%
03060 Aeronautics Division	2,777,692	0	0	0	2,777,692	100.0%
Federal Special Total	\$2,777,692	\$0	\$0	\$0	\$2,777,692	20.1%
06007 Yellowstone Airport	0	0	1,044,828	0	1,044,828	100.0%
Proprietary Total	\$0	\$0	\$1,044,828	\$0	\$1,044,828	7.5%
Total All Funds	\$7,001,014	\$0	\$1,044,828	\$5,799,882	\$13,845,724	

HB 2 Appropriations

The Aeronautics program is funded with state and federal special revenues. State special revenue funds are derived primarily from state aviation fuel taxes and aircraft registration fees. Federal special revenue comes from Federal Aviation Administration grants.

Statutory Appropriations

The statutorily appropriated Aeronautical Grant Account receives most of its funding from 90% of a 4.5 cent per gallon tax on aviation fuel, and provides funding for grants to Montana communities for aviation related projects.

Non-Budgeted Proprietary Funds

The Yellowstone Airport enterprise program, is supported by proprietary funding and is not budgeted in HB 2.

Yellowstone Airport – 06007*Program Description*

The Yellowstone Airport located two miles north of the Town of West Yellowstone, Montana provides the closest private and commercial air service to Yellowstone National Park, as well as service for a multitude of other recreational opportunities in the surrounding greater Yellowstone area. The airport is closed during the winter months, conducting limited snow removal in fringe seasons. The airport is typically open for six months each year with seasonal commercial air service provided by SkyWest Air Lines dba Delta Connection and SkyWest Air Lines dba United Express from early-May to mid-October. The airport accomplishes its mission with facilities to accommodate all sized aircraft and operations ranging from large four engine commercial service jets to small single engine aircraft.

Airside facilities at the airport include an 8,400' runway and taxiway, as well as large parking apron and hangar areas for all types of aircraft operations. The runway is equipped with a precision approach instrument landing system (ILS) and a GPS approach accommodating air traffic even during inclement weather conditions. The airport also supports and maintains an Automated Weather Observing System (AWOS) which reports directly to the National Weather Service (NWS) and broadcasts locally to air traffic over a VHF transmission. Other airport facilities include a commercial terminal building with tenants that include a restaurant, rental car agencies, Transportation Security Administration (TSA) offices, airline offices, and airport administration and operations. Also located on the field are several outbuildings and other facilities housing bulk fuel storage, a fixed based operator (FBO), an air ambulance base, and Airport Rescue Fire Fighting (ARFF) services. The US Forest Service operates an inter-agency fire control center with direct through-the-fence access to the airfield. A wildlife fence surrounds the entire airport property.

Revenues and Expenses

Fees for leases and other business services are both market and recovery based. Additional operating expenses are planned in the 2027 biennium to keep the airport in compliance with FAA mandates and advisory circulars.

The Yellowstone Airport is an enterprise proprietary fund. There is one airport manager who works full time, year-round. The airport also has two other employees, an airport operation chief and an airport fire fighter/maintenance specialist who are employed seasonally.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation			Program Name: Aeronautics Program			
	Fund	Fund Name					
	06007	Yellowstone Airport					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A		83,820	52,877	67,229	652,207	612,207	612,207
Other Operating Revenue		532,034	592,458	500,496	-	-	-
Total Operating Revenues		615,854	645,335	567,725	652,207	612,207	612,207
Expenses:							
Personal Services		(12,342)	26,931	83,603	256,300	255,668	255,873
Other Operating Expenses		514,705	532,271	640,983	268,318	266,502	266,785
Expense B		(90,750)	90,750	-	-	-	-
Expense C		(1,567,428)	-	398,260	-	-	-
Total Operating Expenses		(1,155,815)	649,952	1,122,846	524,618	522,170	522,658
Operating Income (Loss)		1,771,669	(4,617)	(555,121)	127,589	90,037	89,549
Nonoperating Revenues:							
Other Revenue A		1,015	24,939	136,351	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		1,015	24,939	136,351	-	-	-
Income (Loss) Before Contributions and Transfers		1,772,684	20,322	(418,770)	127,589	90,037	89,549
Capital Contributions							
Change in Net Position		23,764 1,796,448	90,750 111,072	31,390,198 30,971,428	- 127,589	- 90,037	- 89,549
Beginning Net Position - July 1		10,557,635	12,354,083	12,465,155	43,436,583	43,564,172	43,654,209
Change in Net Position		1,796,448	111,072	30,971,428	127,589	90,037	89,549
Ending Net Position - June 30		12,354,083	12,465,155	43,436,583	43,564,172	43,654,209	43,743,758
Net Position (Fund Balance) Analysis							

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	9.00	9.00	9.00	9.00
Personal Services	855,575	863,085	905,237	1,019,113	1,021,838
Operating Expenses	837,814	2,364,989	2,452,256	2,444,437	2,448,026
Equipment & Intangible Assets	10,550	95,550	0	0	0
Capital Outlay	43,633	43,633	0	0	0
Grants	14,700	20,000	20,000	20,000	20,000
Transfers	8,545	13,800	13,800	13,800	13,800
Total Expenditures	\$1,770,817	\$3,401,057	\$3,391,293	\$3,497,350	\$3,503,664
State/Other Special Rev. Funds	1,672,702	2,020,517	2,005,328	2,108,538	2,114,784
Federal Spec. Rev. Funds	98,115	1,380,540	1,385,965	1,388,812	1,388,880
Total Funds	\$1,770,817	\$3,401,057	\$3,391,293	\$3,497,350	\$3,503,664
Total Ongoing	\$1,770,817	\$3,316,057	\$3,391,293	\$3,497,350	\$3,503,664
Total OTO	\$0	\$85,000	\$0	\$0	\$0

Program Description

The Aeronautics Program: 1) facilitates the operation and infrastructure of airports and airways, both public and private, throughout Montana; 2) provides mechanisms for funding airport and aviation related projects throughout the state; 3) registers aircraft and pilots in accordance with Montana laws and regulations; 4) fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; and 5) coordinates and supervises aerial search and rescue operations.

The program administers a loan and grant program to airport sponsors to fund airport improvement projects. The Aeronautics Board approves loan and grant requests.

The program serves as a liaison between the State of Montana and various other entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), US Forest Service, other federal and state entities, and commercial airlines in order to assure the retention and continuation of airline service to Montana's rural communities and to support general aviation operations.

The program is also responsible for operation of the commercial service airport just north of West Yellowstone, MT and for 13 other state-owned or operated airports.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Aeronautics Program expended 53.1% of its FY 2024 appropriation. Lower spending, particularly in the first year of the biennium is not unusual due to inconsistencies in FAA grant funding. The personal services appropriation of \$863,085 was 99.1% expended. The operating expense budget was 35.4% expended. Most of the unspent authority was federal due to the continuance of COVID-related funding offsetting spending. The aeronautics program is funded with 59.4% state special funds and 40.6% federal funds.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is 0.3% lower than the FY 2024 appropriation.

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	111,029	2,847	113,876		0.00	0	113,686	2,915	116,601
DP 2 - Fixed Costs										
0.00	0	(7,786)	0	(7,786)		0.00	0	(4,208)	0	(4,208)
DP 3 - Inflation Deflation										
0.00	0	(33)	0	(33)		0.00	0	(22)	0	(22)
Grand Total All Present Law Adjustments										
0.00	\$0	\$103,210	\$2,847	\$106,057		0.00	\$0	\$109,456	\$2,915	\$112,371

**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

Department of Transportation	
Aeronautics Program	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 31,103
Management Changes	\$ 82,773
Budget modifications	\$ -
Total	\$ 113,876

Legislative changes include increases in benefits and longevity, management increases are primarily due to previously vacant positions being filled at higher rates.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

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 FY 2025	Requested Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	99.76	105.76	105.76	6.00	3.0%
State/Other Special Rev. Funds	12,084,308	17,179,273	15,818,858	8,829,515	36.5%
Federal Spec. Rev. Funds	39,710,570	59,305,000	51,091,049	30,974,909	39.0%
Total Funds	51,794,878	76,484,273	66,909,907	39,804,424	38.4%
Personal Services	10,402,638	11,181,890	11,214,904	1,591,518	7.6%
Operating Expenses	9,527,299	13,205,356	13,161,915	7,312,673	38.4%
Equipment & Intangible Assets	550,000	550,000	550,000		0.0%
Grants	28,502,015	47,984,101	38,420,162	29,400,233	51.6%
Transfers	2,812,926	3,562,926	3,562,926	1,500,000	26.7%
Total Expenditures	51,794,878	76,484,273	66,909,907	39,804,424	38.4%
Total Ongoing	51,794,878	76,484,273	66,909,907	39,804,424	38.4%
Total One-Time-Only					0.0%

Program Highlights

Rail, Transit, and Planning Major Budget Highlights

The Rail, Transit & Planning's 2027 biennium appropriations are approximately \$38.6 million or 37.2% higher than the FY 2025 base budget. Significant changes include:

- Statewide present law adjustments totaling \$377,785 for the biennium, 31.2% state special revenue, 68.8% federal
 - DP 1 - Personal services: \$380,448
 - DP 3 - Inflation/deflation: (\$2,663)
- Present law adjustments totaling \$38.2 million for the biennium
 - DP 4 - Equipment rental: \$167,963, 69.0% state special, 31.0% federal - for increases in equipment rental rates and usage
 - DP 5005- Federal Transit Administration (FTA) Funding: \$28.5 million, 26.6% state special, 73.4% federal - for increases in federal funding and associated match
 - DP 5006 - National Highway Traffic Safety Administration (NHTSA) program funding: \$9.2 million for the biennium, 95.7% federal, 4.3% state special - for an increase in funding and associated match
 - DP 5009 - Blackfoot Post Yard Assessment: \$300,000, 100.0% state special revenue - for assessment and field work at the Blackfoot Post Yard complex
- New Proposals totaling \$1.2 million, 25% state special, 75% federal
 - DP 5010 - New Federal Program Requirements:
 - 6.00 PB for delivery and reporting requirements of new federal programs

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.

Rail, Transit, and Planning 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	12,084,308	39,710,570	51,794,878	67.7%	0	12,084,308	39,710,570	51,794,878	77.4%
Statewide PL										
Personal Services	0	53,852	119,865	173,717	0.2%	0	64,086	142,645	206,731	0.3%
Fixed Costs	0	0	0	0	0.0%	0	0	0	0	0.0%
Inflation Deflation	0	0	(1,589)	(1,589)	(0.0%)	0	0	(1,074)	(1,074)	(0.0%)
Total Statewide PL	0	53,852	118,276	172,128	0.2%	0	64,086	141,571	205,657	0.3%
Present Law (PL)	0	4,883,279	19,002,653	23,885,932	31.2%	0	3,518,330	10,782,507	14,300,837	21.4%
New Proposals	0	157,834	473,501	631,335	0.8%	0	152,134	456,401	608,535	0.9%
Total HB 2 Adjustments	0	5,094,965	19,594,430	24,689,395	32.3%	0	3,734,550	11,380,479	15,115,029	22.6%
Total Requested Budget	0	17,179,273	59,305,000	76,484,273		0	15,818,858	51,091,049	66,909,907	

Funding

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

Department of Transportation, 50-Rail, Transit, and Planning 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%
02121 Shared-Use Path	0	0	0	30,530	30,530	0.1%
02282 FTA Local Match	7,844,207	0	0	0	7,844,207	23.7%
02349 Highway Non-Restricted Account	2,552,766	0	0	0	2,552,766	7.7%
02422 Highways Special Revenue	13,610,908	0	0	0	13,610,908	41.2%
02436 County DUI Prevention Programs	990,250	0	0	0	990,250	3.0%
02795 TransADE Special Revenue	8,000,000	0	0	0	8,000,000	24.2%
State Special Total	\$32,998,131	\$0	\$0	\$30,530	\$33,028,661	23.0%
03147 FTA Grants	52,325,008	0	0	0	52,325,008	47.4%
03407 Highway Trust - Sp Rev	37,209,147	0	0	0	37,209,147	33.7%
03828 Traffic Safety	20,529,788	0	0	0	20,529,788	18.6%
03970 FTA - CARES Act II	332,106	0	0	0	332,106	0.3%
Federal Special Total	\$110,396,049	\$0	\$0	\$0	\$110,396,049	77.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$143,394,180	\$0	\$0	\$30,530	\$143,424,710	

HB 2 Appropriations

The Rail, Transit, and Planning (RTP) Program is funded with a combination of state and federal special revenue funds. Highway state special revenue from both the restricted and non-restricted account support the overall administrative and operational costs of the program. Other funding includes:

- Federal Transit Authority (FTA) local match funds provided from local transit providers to match their FTA grants
- TransADE special revenue, which in large part provides funding for transit services that serve the elderly and disabled (and can be also used to match federal transit funds)
- County DUI prevention funds, for providing assistance to county DUI task force activities
- Federal highway trust fund (03407), which provides for costs of highway program administration, activities, and projects

Statutory Appropriations

The RTP Program also has a statutory appropriation that allows expenditures for shared-use paths. The funding for this appropriation is derived from an opt-in vehicle license fee for the maintenance and construction of shared use paths.

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	99.76	99.76	105.76	105.76
Personal Services	9,566,902	10,007,524	10,402,638	11,181,890	11,214,904
Operating Expenses	6,066,338	9,401,849	9,527,299	13,205,356	13,161,915
Equipment & Intangible Assets	77,460	458,240	550,000	550,000	550,000
Grants	23,910,464	25,292,065	28,502,015	47,984,101	38,420,162
Transfers	2,551,229	3,037,926	2,812,926	3,562,926	3,562,926
Debt Service	138,550	274,650	0	0	0
Total Expenditures	\$42,310,943	\$48,472,254	\$51,794,878	\$76,484,273	\$66,909,907
State/Other Special Rev. Funds	10,628,816	12,210,534	12,084,308	17,179,273	15,818,858
Federal Spec. Rev. Funds	31,682,127	36,261,720	39,710,570	59,305,000	51,091,049
Total Funds	\$42,310,943	\$48,472,254	\$51,794,878	\$76,484,273	\$66,909,907
Total Ongoing	\$42,310,943	\$48,472,254	\$51,794,878	\$76,484,273	\$66,909,907
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Rail, Transit, and Planning Program provides: 1) a continuous statewide multimodal transportation planning process used to allocate highway program resources to ensure highway system performance goals are maintained and federal-aid highway and transit grant eligibility is maintained within the federal surface transportation programs; 2) an inventory of transportation infrastructure for the allocation of state fuel taxes to local governments; 3) support for the state's comprehensive statewide highway safety plan including technical analysis, performance tracking, and coordination with multiple administrative agencies and jurisdictions; 4) the point of contact for MDT for major developers seeking access onto the state's highway system; 5) mapping functions to aid in the publication of the state tourist map and geo-spatial infrastructure inventories; 6) transportation planning and programming assistance to metropolitan and urban areas; 7) administration and implementation of behavioral safety programs that help reduce traffic deaths, injuries, and property losses resulting from traffic crashes; 8) administration and implementation of environmental services that assure environmental compliance with all applicable laws, rules, regulations, policies, orders, and agreements; and 9) responses to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US Department of Transportation, the Surface Transportation Board, and others.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The Rail, Transit and Planning program expended a total of 87.6% of its \$48.5 million in FY 2024 appropriation authority. Personal services of \$10.0 million was 95.6% expended. Operating expenses were 64.7% expended. Grants in the amount of \$25.3 million were 95.1% expended. The program gives out grants for transit and safety related projects. The Rail, Transit and Planning division is funded with 25.2% state special funds and 74.8% federal funds.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is 6.9% greater than the FY 2024 appropriation. While the state special funds appropriation of \$12.2 million decreases 1.0% from 2024, the federal appropriation increases 9.5% from \$36.3 to \$39.7 million.

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	53,852	119,865	173,717	0.00	0	64,086	142,645	206,731
DP 3 - Inflation Deflation	0.00	0	0	(1,589)	(1,589)	0.00	0	0	(1,074)	(1,074)
DP 4 - Equipment Rental	0.00	0	57,946	26,020	83,966	0.00	0	57,968	26,029	83,997
DP 5005 - Federal Transit Administration Funding	0.00	0	4,475,333	14,576,633	19,051,966	0.00	0	3,110,362	6,356,478	9,466,840
DP 5006 - NHTSA Program Funding	0.00	0	200,000	4,400,000	4,600,000	0.00	0	200,000	4,400,000	4,600,000
DP 5009 - Blackfoot Post Yard Assessment	0.00	0	150,000	0	150,000	0.00	0	150,000	0	150,000
Grand Total All Present Law Adjustments	0.00	\$0	\$4,937,131	\$19,120,929	\$24,058,060	0.00	\$0	\$3,582,416	\$10,924,078	\$14,506,494

***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

Department of Transportation	
Rail, Transit and Planning Program	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	\$ 149,614
Management Changes	\$ 24,103
Budget modifications	\$ -
Total	\$ 173,717

The Rail, Transit and Planning Program had legislative increases in longevity and benefits as well as management decision related increases such as career ladder changes and promotion adjustments.

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: other services, supplies and materials, communications, in-state motor pool and motor pool leased vehicles, and repair and maintenance.

DP 4 - Equipment Rental -

The executive requests an increase to state and federal special revenue appropriation in FY 2026 and FY 2027 due to an increase in equipment rental usage and associated rate changes from the agency's Equipment Program.

DP 5005 - Federal Transit Administration Funding -

This request is for an increase in state and federal revenue for FY 2026 and FY 2027 for the administration of pass-through transit grant funding to local governments and providers of public transportation. The funding coming to Montana is a 30% increase with gradual increases each additional year.

DP 5006 - NHTSA Program Funding -

This request is for an increase in state and federal special revenue to aid in implementation and management of MDT's National Highway Traffic Safety Administration (NHTSA) program which includes initiatives related to impaired driving, occupant protection, motorcycle safety, and bicycle and pedestrian safety.

DP 5009 - Blackfoot Post Yard Assessment -

This request is for an increase in state special revenue to complete a risk assessment, additional field work and site characterization, and interim cleanup of smaller items at the Blackfoot Post Yard complex.

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 5010 - New Federal Program Requirements										
	6.00	0	157,834	473,501	631,335	6.00	0	152,134	456,401	608,535
Total	6.00	\$0	\$157,834	\$473,501	\$631,335	6.00	\$0	\$152,134	\$456,401	\$608,535

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

DP 5010 - New Federal Program Requirements -

The executive requests 6.00 PB to deliver federal programs such as National Electric Vehicle Infrastructure (NEVI), and Carbon Reduction and Promoting Resilient Operation for Transformative, Efficient, and Cost-Saving Transportation (PROTECT).

DEPARTMENT OF LIVESTOCK

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Dept. of Fish, Wildlife, & Parks
Dept. of Environmental Quality
Dept. of Transportation

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

-----Committee Members-----

House

Representative Jerry Schillinger (Chair)
Representative Eric Albus
Representative Debo Powers

Senate

Senator Mike Cuffe (Vice Chair)
Senator Kenneth Bogner
Senator Jane Ellis

-----Fiscal Division Staff-----

Rob Miller
Alice Hecht
Barb Wagner

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	137.87	145.87	145.87	8.00	2.9%
General Fund	4,217,138	5,182,868	4,988,795	1,737,387	20.6%
State/Other Special Rev. Funds	10,036,493	11,090,391	10,249,060	1,266,465	6.3%
Federal Spec. Rev. Funds	2,427,305	2,293,665	2,296,494	(264,451)	(5.4%)
Total Funds	16,680,936	18,566,924	17,534,349	2,739,401	8.2%
Personal Services	11,496,736	12,043,181	12,070,917	1,120,626	4.9%
Operating Expenses	4,626,514	4,927,609	4,905,746	580,327	6.3%
Equipment & Intangible Assets	65,205	593,605	65,205	528,400	405.2%
Capital Outlay		510,048		510,048	0.0%
Benefits & Claims	150,000	150,000	150,000		0.0%
Transfers	342,481	342,481	342,481		0.0%
Total Expenditures	16,680,936	18,566,924	17,534,349	2,739,401	8.2%
Total Ongoing	16,680,936	17,503,476	17,534,349	1,675,953	5.0%
Total One-Time-Only		1,063,448		1,063,448	0.0%

Agency Highlights

Department of Livestock Major Budget Highlights

The executive proposes an increase of 8.2% or \$2.7 million in total appropriations above base funding. In addition to statewide present law adjustments of \$298,900, the executive proposes:

- Laboratory equipment, one-time-only: \$1.1 million
- Meat inspection staff 8.00 PB: \$1.2 million
- Animal Health software maintenance: \$150,000
- Funding Shifts:
 - Milk inspection fees shifted from State Special Revenue to the General Fund: \$300,000
 - Emergency Preparedness Veterinarian from federal special revenue to state special revenue: \$221,700

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 Livestock 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	4,217,138	10,036,493	2,427,305	16,680,936	89.8%	4,217,138	10,036,493	2,427,305	16,680,936	95.1%
Statewide PL										
Personal Services	(12,593)	73,950	(24,526)	36,831	0.2%	(6,288)	93,605	(22,751)	64,566	0.4%
Fixed Costs	19,879	91,729	7,208	118,816	0.6%	18,120	90,328	6,491	114,939	0.7%
Inflation Deflation	(5,490)	(10,683)	(5,468)	(21,641)	(0.1%)	(3,710)	(7,220)	(3,697)	(14,627)	(0.1%)
Total Statewide PL	1,796	154,996	(22,786)	134,006	0.7%	8,122	176,713	(19,957)	164,878	0.9%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	963,934	898,902	(110,854)	1,751,982	9.4%	763,535	35,854	(110,854)	688,535	3.9%
Total HB 2 Adjustments	965,730	1,053,898	(133,640)	1,885,988	10.2%	771,657	212,567	(130,811)	853,413	4.9%
Total Requested Budget	5,182,868	11,090,391	2,293,665	18,566,924		4,988,795	10,249,060	2,296,494	17,534,349	

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 Livestock DP 1 Personal Services State Wide 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>
Centralized Services	\$6,477	\$116,294		\$0 \$122,771
Animal Health	(69,020)	47,974		- (\$21,046)
Brands Enforcement	(146,400)	81,505		- (\$64,895)
DP 1 - Personal Services	(\$208,943)	\$245,773		\$0 \$36,830

The Department of Livestock has 137.87 Positions Budgeted (PB). Personal services accounted for 68.6% of the total executive request. The Department's 137.87 PB are distributed across three divisions:

- Centralized Services Division: 17.00 PB
- Animal Health Division: 66.26 PB
- Brands Enforcement Division: 54.61 PB

The executive proposes statewide present law adjustments for personal services increasing spending authority by about \$36,800 in fiscal year 2026 and \$64,600 in fiscal year 2027. The difference of \$27,800 between these two years is primarily due to an increase in longevity pay in FY 2027, which accounts for an additional \$24,600 in FY 2027 compared to FY 2026. Other increases between the years include a rise in social security contributions, retirement costs, and other benefits, totaling \$4,600 in the second year of the biennium. Adjustments for vacancy savings account for the remaining difference.

Legislative adjustments for FY 2026 are negative. These reductions were offset by management decisions increasing compensation for promotions and retention incentives.

The executive proposal includes of a 5.0% vacancy savings rate for each year of the biennium. This measure is expected to result in savings of \$594,900 in FY 2026 and \$596,385 in FY 2027. Vacancy savings are typically achieved by leaving positions unfilled or through natural attrition.

Present Law Adjustments

The executive proposes statewide present law adjustments totaling \$299,900.

New Proposals

As proposed by the executive, new proposals totaling \$2.4 million would increase general fund by \$1.7 million and state special revenue by \$934,800 above base funding. Federal revenues decrease by \$221,700. About \$1.1 million is proposed as one-time-only.

The executive proposes to increase staffing by 8.00 PB. To support these new positions general fund would be increased by \$1.0 million in personal services and \$207,800 in operations expense. These new positions would work in the meat and poultry inspection program. The expansion is intended to meet increased demand for inspection due to the growth in the Cooperative Interstate Shipping program. The Montana Cooperative Interstate Shipping (CIS) program is an agreement between the U.S. Department of Agriculture's Food Safety and Inspection Service (FSIS) and the State of Montana that allows selected state-inspected meat and poultry processors to ship their products across state lines. coverage in eastern Montana.

The executive proposes to increase state special authority by \$150,000 to fund the annual maintenance contract for Animal Health Software Application. The proposal would replace an anticipated loss of federal funding, and development and maintenance costs for new software.

One-time-only proposals of \$863,000 in state special revenue provide for new lab facility furnishings, equipment, and moving expenses, and \$200,400 in general fund to replace milk laboratory instruments.

Funding

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

Total Department of Livestock 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	9,971,263	200,400			10,171,663	24.4%
02426 Lvstk Per Capita	11,544,449	863,048			12,407,497	29.8%
02425 Inspection and Control	7,089,093				7,089,093	17.0%
02117 Predatory Animal SSR				1,150,000	1,150,000	2.8%
02262 Egg Shielded Grading Program	760,450				760,450	1.8%
02124 LLB Restricted Special Revenue				600,000	600,000	1.4%
Other State Special Revenue	1,082,411			420,000	1,502,411	3.6%
State Special Revenue Total	20,476,403	863,048	-	2,170,000	23,509,451	56.4%
03209 Meat/Poultry Inspection Sp Rev	2,946,432				2,946,432	7.1%
03427 AH FEDERAL UMBRELLA	1,564,365				1,564,365	3.8%
03673 Small Federal Grants	43,458				43,458	0.1%
03032 Animal Health Sp. Rev	35,904				35,904	0.1%
Federal Special Revenue Total	4,590,159	-	-	-	4,590,159	11.0%
06026 MT Veterinary Diagnostic Lab			3,409,795		3,409,795	8.2%
Proprietary Fund Total	-	-	3,409,795	-	3,409,795	8.2%
Total of All Funds	35,037,825	1,063,448	3,409,795	2,170,000	41,681,068	
Percent of All Sources of Authority	84.1%	2.6%	8.2%	5.2%		

State special revenue funds comprise 59.1% of the HB 2 budget proposal and 56.4% of all funding sources. These funds are primarily generated through fees assessed on livestock, licenses, permits, and charges for market and local inspections. Two state special revenue funds, the Livestock Per Capita and Inspection and Control, make up 91.4% of the state special revenue authority in the HB 2 budget, representing 45.9% of total funds.

The Milk Control Bureau and the Milk Control Board receive funding from fees charged to producers, distributors, and producer-distributors. Meanwhile, general fund allocations support the activities of the Livestock Loss Board.

Statutory appropriations, which do not require re-authorization by the legislature, allow the division to expend state special revenue that is statutorily appropriated to the agency for livestock loss prevention and livestock loss compensation.

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	137.87	137.87	145.87	145.87
Personal Services	10,347,292	10,852,677	11,496,736	12,043,181	12,070,917
Operating Expenses	3,617,187	4,648,497	4,626,514	4,927,609	4,905,746
Equipment & Intangible Assets	428,983	502,156	65,205	593,605	65,205
Capital Outlay	0	0	0	510,048	0
Benefits & Claims	150,000	150,000	150,000	150,000	150,000
Transfers	370,462	378,231	342,481	342,481	342,481
Total Expenditures	\$14,913,924	\$16,531,561	\$16,680,936	\$18,566,924	\$17,534,349
General Fund	3,624,619	4,082,713	4,217,138	5,182,868	4,988,795
State/Other Special Rev. Funds	9,194,442	10,092,264	10,036,493	11,090,391	10,249,060
Federal Spec. Rev. Funds	2,094,863	2,356,584	2,427,305	2,293,665	2,296,494
Total Funds	\$14,913,924	\$16,531,561	\$16,680,936	\$18,566,924	\$17,534,349
Total Ongoing	\$14,550,829	\$16,064,610	\$16,680,936	\$17,503,476	\$17,534,349
Total OTO	\$363,095	\$466,951	\$0	\$1,063,448	\$0

Agency Description

The Department of Livestock is responsible for controlling and eradicating animal diseases; preventing the transmission of animal diseases to humans; protecting the livestock industry from theft and predatory animals; meat, milk, and egg inspection; and regulating the milk industry relative to producer pricing. The department, which is provided for in 2-15-3101, MCA, consists of the Board of Livestock and its appointed Executive Officer, the Milk Control Board, the Livestock Loss Board. The department is organized into three divisions: Animal Health & Food Safety, Centralized Services and Brands Enforcement. The Board of Livestock, which is the statutory head of the Department of Livestock, consists of seven members appointed by the Governor and confirmed by the Senate to serve six-year terms.

FY 2024 Appropriations Compared to FY 2024 expenditures.

In FY 2024, the Department of Livestock spent 90.2% of its \$16.5 million HB 2 budget.

The Department of Livestock has appropriated a total of \$10.9 million for personal services, of which \$10.3 million, or 95.3%, was spent in FY 2024. Unexpended personal service totaled \$505,400, of which 79.2% was in the Animal Health Division, primarily supporting inspection programs for meat, poultry, and dairy. The Brands Enforcement and the Centralized Services Divisions combined expended 98.1% of their personal service budget.

Operations was appropriated at \$4.6 million of which 77.8% or \$3.6 million was expended. Of the \$1.0 million in unexpended authority for operations, 44.1% or \$313,800 was budgeted for Brucellosis Designated Surveillance Areas (DSA).

FY 2024 Appropriations Compared to FY 2025 Appropriations

Total appropriations in FY 2025 increased by 1.0% or \$149,400 when compared to FY 2024 appropriations. Appropriations for personal services increased by 5.9% or \$644,100 due to the legislative pay plan and management decisions related to promotion and retention. Increases for personal services were funded primarily with state special revenue, \$394,400, federal special revenue, \$203,000, and general fund, \$46,700.

State special revenue appropriations for equipment purchases declined by \$359,000 from FY 2024 to FY 2025 for laboratory equipment and veterinarian trucks that were budgeted as one-time-only in the first year of the biennium. Operating expenditures were budgeted \$61,000 lower in the second due primarily to audit fees budgeted only in the first year of the biennium. Appropriations for transfers were \$35,800 lower in FY 2025. Operating expenditures were budgeted \$61,000 lower in the second due primarily to audit fees budgeted only in the first year of the biennium. Appropriations for transfers were \$35,800 lower in FY 2025.

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 Livestock				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
Division	Legislative Budget	Excutive Modifications	Base Budget	Percent Change
<u>Centralized Services Division</u>				
61000 Personal Services	1,543,878	-	1,543,878	0.0%
62000 Operating Expenses	826,608	-	826,608	0.0%
67000 Benefits & Claims	150,000	-	150,000	0.0%
68000 Transfers-out	102,481	-	102,481	0.0%
Centralized Services Division Total	2,622,967	-	2,622,967	0.0%
<u>Animal Health Division</u>				
61000 Personal Services	5,655,613	-	5,655,613	0.0%
62000 Operating Expenses	2,946,998	57,000	3,003,998	1.9%
63000 Equipment & Intangible Assets	65,205	-	65,205	0.0%
68000 Transfers-out	297,000	(57,000)	240,000	-19.2%
Animal Health division Total	8,964,816	-	8,964,816	0.0%
<u>Brands Enforcement Division</u>				
61000 Personal Services	4,297,245	-	4,297,245	0.0%
62000 Operating Expenses	795,908	-	795,908	0.0%
	5,093,153	-	5,093,153	0.0%
Agency Total	16,680,936	-	16,680,936	0.0%

The agency moved \$57,000 from operating expense to transfers. There was no net change in the HB 2 budget.

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	17.00	17.00	17.00	0.00	0.0%
General Fund	302,589	303,920	303,635	2,377	0.4%
State/Other Special Rev. Funds	2,320,378	2,477,789	2,484,182	321,215	6.9%
Total Funds	2,622,967	2,781,709	2,787,817	323,592	6.2%
Personal Services	1,543,878	1,666,649	1,669,781	248,674	8.1%
Operating Expenses	826,608	862,579	865,555	74,918	4.5%
Benefits & Claims	150,000	150,000	150,000		0.0%
Transfers	102,481	102,481	102,481		0.0%
Total Expenditures	2,622,967	2,781,709	2,787,817	323,592	6.2%
Total Ongoing	2,622,967	2,781,709	2,787,817	323,592	6.2%
Total One-Time-Only					0.0%

Program Highlights

Centralized Services Division Major Budget Highlights

The executive proposes an increase of 0.4% or \$323,600 above base funding due entirely to statewide present law adjustments.

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	302,589	2,320,378	0	2,622,967	94.3%	302,589	2,320,378	0	2,622,967	94.1%
Statewide PL										
Personal Services	544	122,227	0	122,771	4.4%	544	125,359	0	125,903	4.5%
Fixed Costs	787	35,200	0	35,987	1.3%	502	38,456	0	38,958	1.4%
Inflation Deflation	0	(16)	0	(16)	(0.0%)	0	(11)	0	(11)	(0.0%)
Total Statewide PL	1,331	157,411	0	158,742	5.7%	1,046	163,804	0	164,850	5.9%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	1,331	157,411	0	158,742	5.7%	1,046	163,804	0	164,850	5.9%
Total Requested Budget	303,920	2,477,789	0	2,781,709		303,635	2,484,182	0	2,787,817	

Funding

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

Department of Livestock, 01-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	607,555	0	0	0	607,555	7.9%
02117 Predatory Animal SSR	0	0	0	1,150,000	1,150,000	16.2%
02124 LLB Restricted Special Revenue	0	0	0	600,000	600,000	8.4%
02125 Livestock Loss Reduction	0	0	0	200,000	200,000	2.8%
02136 Wolf Mitigation Donation Fund	0	0	0	200,000	200,000	2.8%
02426 Lvstk Per Capita	4,480,272	0	0	0	4,480,272	63.0%
02817 Milk Control Bureau	481,699	0	0	0	481,699	6.8%
State Special Total	\$4,961,971	\$0	\$0	\$2,150,000	\$7,111,971	92.1%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$5,569,526	\$0	\$0	\$2,150,000	\$7,719,526	

The Centralized Services Division's (CSD) primary funding comes from state special revenue, and the primary source is the livestock per-capita fund. This fund is generated by fees assessed on each head of livestock in the state. For the Milk Control Bureau and the Milk Control Board, funding is derived from fees charged to producers, distributors, and producer-distributors. The Livestock Loss Board's activities are supported by the general fund. Certain state special revenue is statutorily appropriated to the agency, meaning it doesn't require re-authorization by the legislature. The use these statutory funds for two main purposes: livestock loss prevention and livestock loss compensation.

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	17.00	17.00	17.00	17.00
Personal Services	1,489,241	1,505,657	1,543,878	1,666,649	1,669,781
Operating Expenses	532,982	763,102	826,608	862,579	865,555
Benefits & Claims	150,000	150,000	150,000	150,000	150,000
Transfers	162,117	162,481	102,481	102,481	102,481
Total Expenditures	\$2,334,340	\$2,581,240	\$2,622,967	\$2,781,709	\$2,787,817
General Fund	281,312	300,009	302,589	303,920	303,635
State/Other Special Rev. Funds	2,053,028	2,281,231	2,320,378	2,477,789	2,484,182
Total Funds	\$2,334,340	\$2,581,240	\$2,622,967	\$2,781,709	\$2,787,817
Total Ongoing	\$2,334,340	\$2,581,240	\$2,622,967	\$2,781,709	\$2,787,817
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Centralized Services Division manages administrative functions for the department, such as budgeting, accounting, payroll, personnel, IT, and general services. The Milk Control Program and Livestock Loss Board (LLB) are administratively attached to the department. The LLB provides compensation and prevention funding for livestock predation losses caused by wolves, grizzlies, and mountain lions. The Board of Milk Control oversees milk producer pricing and fair-trade practices for dairy products in Montana. The Predator Control Program falls under the administration of the Board of Livestock and the executive officer.

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	544	122,227	0	122,771	0.00	544	125,359	0	125,903
DP 2 - Fixed Costs									
0.00	787	35,200	0	35,987	0.00	502	38,456	0	38,958
DP 3 - Inflation Deflation									
0.00	0	(16)	0	(16)	0.00	0	(11)	0	(11)
Grand Total All Present Law Adjustments									
0.00	\$1,331	\$157,411	\$0	\$158,742	0.00	\$1,046	\$163,804	\$0	\$164,850

*"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

Centralized Services Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	\$6,478
Management Changes	116,293
Budget Modifications	-
Total	\$122,771

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: 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 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.

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 FY 2025	Requested Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	66.26	74.26	74.26	8.00	6.0%
General Fund	3,914,549	4,878,948	4,685,160	1,735,010	22.2%
State/Other Special Rev. Funds	2,622,962	3,568,404	2,708,149	1,030,629	19.6%
Federal Spec. Rev. Funds	2,427,305	2,293,665	2,296,494	(264,451)	(5.4%)
Total Funds	8,964,816	10,741,017	9,689,803	2,501,188	13.9%
Personal Services	5,655,613	6,144,182	6,156,593	989,549	8.7%
Operating Expenses	3,003,998	3,253,182	3,228,005	473,191	7.9%
Equipment & Intangible Assets	65,205	593,605	65,205	528,400	405.2%
Capital Outlay		510,048		510,048	0.0%
Transfers	240,000	240,000	240,000		0.0%
Total Expenditures	8,964,816	10,741,017	9,689,803	2,501,188	13.9%
Total Ongoing	8,964,816	9,677,569	9,689,803	1,437,740	8.0%
Total One-Time-Only		1,063,448		1,063,448	0.0%

Program Highlights

Animal Health Division Major Budget Highlights

The executive proposes an increase of 13.9% or \$2.5 million above base funding. In addition to statewide present law adjustments of \$60,700, the executive includes new proposals totaling \$2.4 million including:

- Meat inspection staff 8.00 PB: \$1.2 million
- Furnishing and equipment for the new Veterinarian Laboratory, one-time-only: \$863,000
- Replacement of laboratory equipment at the State Milk Laboratory: \$200,400
- Software maintenance contract: \$150,000
- Funding shifts:
 - Veterinarian emergency preparedness from federal to special state special revenue: \$227,700
 - Milk Inspection from state special revenue to general fund: \$300,000

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.

Animal Health 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	3,914,549	2,622,962	2,427,305	8,964,816	83.5%	3,914,549	2,622,962	2,427,305	8,964,816	92.5%
Statewide PL										
Personal Services	(13,137)	16,618	(24,526)	(21,045)	(0.2%)	(6,832)	20,948	(22,751)	(8,635)	(0.1%)
Fixed Costs	19,092	30,919	7,208	57,219	0.5%	17,618	29,059	6,491	53,168	0.5%
Inflation Deflation	(5,490)	(997)	(5,468)	(11,955)	(0.1%)	(3,710)	(674)	(3,697)	(8,081)	(0.1%)
Total Statewide PL	465	46,540	(22,786)	24,219	0.2%	7,076	49,333	(19,957)	36,452	0.4%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	963,934	898,902	(110,854)	1,751,982	16.3%	763,535	35,854	(110,854)	688,535	7.1%
Total HB 2 Adjustments	964,399	945,442	(133,640)	1,776,201	16.5%	770,611	85,187	(130,811)	724,987	7.5%
Total Requested Budget	4,878,948	3,568,404	2,293,665	10,741,017		4,685,160	2,708,149	2,296,494	9,689,803	

Funding

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

Department of Livestock, 04-Animal Health 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	9,363,708	200,400	0	0	9,564,108	40.1%
02262 Egg Shielded Grading Program	760,450	0	0	0	760,450	12.1%
02426 Lvstk Per Capita	4,052,343	863,048	0	0	4,915,391	78.1%
02427 Animal Health	63,590	0	0	0	63,590	1.0%
02701 Milk and Egg Inspection	537,122	0	0	0	537,122	8.5%
02980 INDEMNITY SPECIAL REVENUE	0	0	0	20,000	20,000	0.3%
State Special Total	\$5,413,505	\$863,048	\$0	\$20,000	\$6,296,553	26.4%
03032 Animal Health Sp. Rev	35,904	0	0	0	35,904	0.8%
03209 Meat/Poultry Inspection Sp Rev	2,946,432	0	0	0	2,946,432	64.2%
03427 AH FEDERAL UMBRELLA	1,564,365	0	0	0	1,564,365	34.1%
03673 Small Federal Grants	43,458	0	0	0	43,458	0.9%
Federal Special Total	\$4,590,159	\$0	\$0	\$0	\$4,590,159	19.2%
06026 MT Veterinary Diagnostic Lab	0	0	3,409,795	0	3,409,795	100.0%
Proprietary Total	\$0	\$0	\$3,409,795	\$0	\$3,409,795	14.3%
Total All Funds	\$19,367,372	\$1,063,448	\$3,409,795	\$20,000	\$23,860,615	

General fund supports 46.8% of the HB 2 appropriations and 40.1% of total funding in the Animal Health Division. General fund primarily supports personal services and operations for the diagnostic laboratory, animal health programs, meat and poultry inspection, and information technology. State special revenues support 30.7% of the HB 2 appropriations and 26.4% of total authority. State special revenue is generated from per head livestock tax and fees charged for milk and egg inspection. State special revenues are matched with federal funds for meat and poultry inspection and animal health. Non-budgeted proprietary funds are generated from fees for service at the Montana Veterinary Diagnostic Laboratory.

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	66.26	66.26	74.26	74.26
Personal Services	4,869,731	5,270,127	5,655,613	6,144,182	6,156,593
Operating Expenses	2,382,495	3,094,194	3,003,998	3,253,182	3,228,005
Equipment & Intangible Assets	306,951	352,156	65,205	593,605	65,205
Capital Outlay	0	0	0	510,048	0
Transfers	208,345	215,750	240,000	240,000	240,000
Total Expenditures	\$7,767,522	\$8,932,227	\$8,964,816	\$10,741,017	\$9,689,803
General Fund	3,343,307	3,782,704	3,914,549	4,878,948	4,685,160
State/Other Special Rev. Funds	2,329,352	2,792,939	2,622,962	3,568,404	2,708,149
Federal Spec. Rev. Funds	2,094,863	2,356,584	2,427,305	2,293,665	2,296,494
Total Funds	\$7,767,522	\$8,932,227	\$8,964,816	\$10,741,017	\$9,689,803
Total Ongoing	\$7,530,571	\$8,645,276	\$8,964,816	\$9,677,569	\$9,689,803
Total OTO	\$236,951	\$286,951	\$0	\$1,063,448	\$0

Program Description

The Animal Health & Food Safety Division protects livestock health, prevents animal-to-human disease transmission, and ensures safe animal products. It collaborates with state and federal agencies to monitor, test, and quarantine animals. The division enforces animal health laws, operates a veterinary diagnostic laboratory, and conducts state inspections for meat, poultry, and dairy products.

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	(13,137)	16,618	(24,526)	(21,045)		0.00	(6,832)	20,948	(22,751)	(8,635)
DP 2 - Fixed Costs										
0.00	19,092	30,919	7,208	57,219		0.00	17,618	29,059	6,491	53,168
DP 3 - Inflation Deflation										
0.00	(5,490)	(997)	(5,468)	(11,955)		0.00	(3,710)	(674)	(3,697)	(8,081)
Grand Total All Present Law Adjustments										
0.00	\$465	\$46,540	(\$22,786)	\$24,219		0.00	\$7,076	\$49,333	(\$19,957)	\$36,452

*"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

Animal Health Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	FY 2026
Legislative Changes	(\$65,262)
Management Changes	44,217
Budget Modifications	-
Total	(\$21,045)

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: 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 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.

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 40 - Milk Inspection Fee Shift										
0.00	150,000	(150,000)	0	0	0.00	150,000	(150,000)	0	0	
DP 42 - New Construction Laboratory Expenses (BIEN/OTO)										
0.00	0	863,048	0	863,048	0.00	0	0	0	0	
DP 43 - Meat Inspection Additional Staff										
8.00	613,534	0	0	613,534	8.00	613,535	0	0	613,535	
DP 44 - State Milk Laboratory Instruments (BIEN/OTO)										
0.00	200,400	0	0	200,400	0.00	0	0	0	0	
DP 45 - Animal Health Application Maintenance										
0.00	0	75,000	0	75,000	0.00	0	75,000	0	75,000	
DP 47 - Laboratory Operations Augment										
0.00	0	0	0	0	0.00	0	0	0	0	
DP 48 - Emergency Preparedness Veterinarian Funding Shift										
0.00	0	110,854	(110,854)	0	0.00	0	110,854	(110,854)	0	
Total	8.00	\$963,934	\$898,902	(\$110,854)	\$1,751,982	8.00	\$763,535	\$35,854	(\$110,854)	\$688,535

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

DP 40 - Milk Inspection Fee Shift -

The executive proposes a shift of \$150,000 in each year of the biennium from the Milk and Egg Inspection state special revenue to the general fund. Taxes and fees for milk and egg inspection have declined at an annual rate of 3.2% since FY 2013. This decision package does not change the overall budget.

DP 42 - New Construction Laboratory Expenses (BIEN/OTO) -

The executive proposes a one-time-only appropriation of state special revenue for furnishings and equipment for the new veterinarian laboratory. This appropriation would also fund moving expense and construction.

DP 43 - Meat Inspection Additional Staff -

The executive proposes an increase in general fund to support 5.00 PB(Positions Budgeted) for meat & poultry inspectors, 1.00 PB meat inspection supervisor, 1.00 PB compliance investigator, and 1.00 PB relief meat inspector. These positions would support the growth in the Cooperative Interstate Shipping (CIS) program.

DP 44 - State Milk Laboratory Instruments (BIEN/OTO) -

The executive proposes a one-time-only appropriation of general fund to replace two grade A milk laboratory instruments that are at the end of their effective operational lifespan.

DP 45 - Animal Health Application Maintenance -

The executive proposes an increase in state special revenue to fund the annual maintenance contract for the Animal Health software application.

DP 47 - Laboratory Operations Augment -

The executive proposes an increase for Animal Health Laboratory operations.

DP 48 - Emergency Preparedness Veterinarian Funding Shift -

The executive proposes a shift of about \$110,900 in each year of the biennium from federal to state special revenues that support 1.00 PB veterinarian focused on large scale disease outbreak.

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	54.61	54.61	54.61	0.00	0.0%
State/Other Special Rev. Funds	5,093,153	5,044,198	5,056,729	(85,379)	(0.8%)
Total Funds	5,093,153	5,044,198	5,056,729	(85,379)	(0.8%)
Personal Services	4,297,245	4,232,350	4,244,543	(117,597)	(1.4%)
Operating Expenses	795,908	811,848	812,186	32,218	2.0%
Total Expenditures	5,093,153	5,044,198	5,056,729	(85,379)	(0.8%)
Total Ongoing	5,093,153	5,044,198	5,056,729	(85,379)	(0.8%)
Total One-Time-Only					0.0%

Program Highlights

Brands Enforcement Division Major Budget Highlights

The executive proposes decrease of 0.8% or \$85,400 compared to base funding due entirely to statewide present law adjustments.

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.

Brands Enforcement 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	0	5,093,153	0	5,093,153	101.0%	0	5,093,153	0	5,093,153	100.7%
Statewide PL										
Personal Services	0	(64,895)	0	(64,895)	(1.3%)	0	(52,702)	0	(52,702)	(1.0%)
Fixed Costs	0	25,610	0	25,610	0.5%	0	22,813	0	22,813	0.5%
Inflation Deflation	0	(9,670)	0	(9,670)	(0.2%)	0	(6,535)	0	(6,535)	(0.1%)
Total Statewide PL	0	(48,955)	0	(48,955)	(1.0%)	0	(36,424)	0	(36,424)	(0.7%)
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	(48,955)	0	(48,955)	(1.0%)	0	(36,424)	0	(36,424)	(0.7%)
Total Requested Budget	0	5,044,198	0	5,044,198		0	5,056,729	0	5,056,729	

Funding

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

Department of Livestock, 06-Brands Enforcement Division 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%
02425 Inspection and Control	7,089,093	0	0	0	7,089,093	70.2%
02426 Lvstk Per Capita	3,011,834	0	0	0	3,011,834	29.8%
State Special Total	\$10,100,927	\$0	\$0	\$0	\$10,100,927	100.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$10,100,927	\$0	\$0	\$0	\$10,100,927	

The program is funded with revenue generated from fees charged for brand recording and market and local inspections as well as fees charged to stockowners on each head of livestock commonly referred to as per-capita fees.

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	54.61	54.61	54.61	54.61
Personal Services	3,988,320	4,076,893	4,297,245	4,232,350	4,244,543
Operating Expenses	701,710	791,201	795,908	811,848	812,186
Equipment & Intangible Assets	122,032	150,000	0	0	0
Total Expenditures	\$4,812,062	\$5,018,094	\$5,093,153	\$5,044,198	\$5,056,729
State/Other Special Rev. Funds	4,812,062	5,018,094	5,093,153	5,044,198	5,056,729
Total Funds	\$4,812,062	\$5,018,094	\$5,093,153	\$5,044,198	\$5,056,729
Total Ongoing	\$4,685,918	\$4,838,094	\$5,093,153	\$5,044,198	\$5,056,729
Total OTO	\$126,144	\$180,000	\$0	\$0	\$0

Program Description

The Brands Enforcement Division provides the livestock industry with professional law enforcement and investigative work in tracking livestock ownership and in the deterrence and/or resolution of related criminal activities. It conducts, collects, documents, audits, and evaluates compliance on brand inspections and permits for Montana livestock. It also maintains the official record of Montana brands and security interest filings of branded livestock, and licenses livestock markets and dealers.

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	(64,895)	0	(64,895)		0.00	0	(52,702)	0	(52,702)
DP 2 - Fixed Costs										
0.00	0	25,610	0	25,610		0.00	0	22,813	0	22,813
DP 3 - Inflation Deflation										
0.00	0	(9,670)	0	(9,670)		0.00	0	(6,535)	0	(6,535)
Grand Total All Present Law Adjustments										
0.00	\$0	(\$48,955)	\$0	(\$48,955)		0.00	\$0	(\$36,424)	\$0	(\$36,424)

**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

Brands Enforcement Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
	<u>FY 2026</u>
Legislative Changes	(\$168,050)
Management Changes	103,155
Budget Modifications	-
Total	(\$64,895)

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: 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 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.

DEPARTMENT OF NATURAL RESOURCES & CONSERVATION

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Dept. of Fish, Wildlife, & Parks
Dept. of Environmental Quality
Dept. of Transportation

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

-----Committee Members-----

House

Representative Jerry Schillinger (Chair)
Representative Eric Albus
Representative Debo Powers

Senate

Senator Mike Cuffe (Vice Chair)
Senator Kenneth Bogner
Senator Jane Ellis

-----Fiscal Division Staff-----

Rob Miller
Alice Hecht
Barb Wagner

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 FY 2025	Requested Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
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**

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:

- 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 FY 2025	Requested Budget		Biennium Change from Base	
		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
<p>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:</p> <ul style="list-style-type: none"> • 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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base 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 FY 2025	Requested Budget		Biennium Change from Base	
		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 Conservation23-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.

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.

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.

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base 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

Water Resources Division Major Budget Highlights

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:

- 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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base 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

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:

- 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 - FTLTD 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 - FTLTD 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.

DEPARTMENT OF AGRICULTURE

Section C

JOINT SUBCOMMITTEE OF HOUSE APPROPRIATIONS AND SENATE FINANCE AND CLAIMS COMMITTEES

-----Agencies-----

Dept. of Fish, Wildlife, & Parks
Dept. of Environmental Quality
Dept. of Transportation

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

-----Committee Members-----

House

Representative Jerry Schillinger (Chair)
Representative Eric Albus
Representative Debo Powers

Senate

Senator Mike Cuffe (Vice Chair)
Senator Kenneth Bogner
Senator Jane Ellis

-----Fiscal Division Staff-----

Rob Miller
Alice Hecht
Barb Wagner

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 FY 2025	Requested Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	119.56	119.56	119.56	0.00	0.0%
General Fund	1,219,145	1,138,166	1,095,991	(204,133)	(8.4%)
State/Other Special Rev. Funds	18,414,266	18,984,188	19,388,120	1,543,776	4.2%
Federal Spec. Rev. Funds	1,654,350	1,820,538	1,863,332	375,170	11.3%
Proprietary Funds	496,487	636,547	639,958	283,531	28.6%
Total Funds	21,784,248	22,579,439	22,987,401	1,998,344	4.6%
Personal Services	10,585,843	10,541,897	10,566,890	(62,899)	(0.3%)
Operating Expenses	5,549,403	6,088,540	5,910,509	900,243	8.1%
Equipment & Intangible Assets	338,889	338,889	899,889	561,000	82.8%
Grants	5,042,856	5,342,856	5,342,856	600,000	5.9%
Transfers	189,757	189,757	189,757		0.0%
Debt Service	77,500	77,500	77,500		0.0%
Total Expenditures	21,784,248	22,579,439	22,987,401	1,998,344	4.6%
Total Ongoing	21,784,248	22,272,939	22,301,401	1,005,844	2.3%
Total One-Time-Only	375,000	306,500	686,000	242,500	32.3%

Agency Highlights

Department of Agriculture Major Budget Highlights

The executive proposes a 4.6% or \$2.0 million in total appropriations above base funding. In addition to statewide present law adjustments of \$85,800 the executive proposes:

- Equipment purchases for analytical laboratory and pesticide program, one-time-only: \$811,000
- Increase grant authority for noxious weeds programs: \$600,000
- Increase operating authority for seed and pesticide groundwater programs: \$300,000
- Produce inspection operations, one-time-only: \$132,500
- Customer Relationship Management (CRM) grant system maintenance: \$69,000.

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 Agriculture 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	1,219,145	18,414,266	1,654,350	21,784,248	96.5%	1,219,145	18,414,266	1,654,350	21,784,248	94.8%
Statewide PL										
Personal Services	(200,365)	(151,279)	166,718	(43,946)	(0.2%)	(194,743)	(136,757)	168,027	(18,953)	(0.1%)
Fixed Costs	60,424	14,059	(530)	73,033	0.3%	61,615	16,453	(645)	76,374	0.3%
Inflation Deflation	(38)	(358)	0	(396)	(0.0%)	(26)	(242)	0	(268)	(0.0%)
Total Statewide PL	(139,979)	(137,578)	166,188	28,691	0.1%	(133,154)	(120,546)	167,382	57,153	0.2%
Present Law (PL)	10,000	450,000	0	460,000	2.0%	10,000	450,000	0	460,000	2.0%
New Proposals	49,000	257,500	0	306,500	1.4%	0	644,400	41,600	686,000	3.0%
Total HB 2 Adjustments	(80,979)	569,922	166,188	795,191	3.5%	(123,154)	973,854	167,382	1,203,153	5.2%
Total Requested Budget	1,138,166	18,984,188	1,820,538	22,579,439		1,095,991	19,388,120	1,821,732	22,987,401	

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 Agriculture DP 1 Personal Services 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>
Central Management	71,117	(\$117,714)	\$105,000	\$58,403
Agricultural Sciences	98,226	(70,642)	(100,000)	(\$72,416)
Agricultural Development	39,691	100,376	(170,000)	(\$29,933)
DP 1 - Personal Services	\$209,034	(\$87,980)	(\$165,000)	(\$43,946)

The Department of Agriculture has 137.87 positions budgeted (PB). Personal services accounts for 68.6% of the total executive request. The Department's 137.87 PB are distributed across three divisions:

- Central Management Division: 19.00 PB
- Agricultural Sciences Division: 61.79 PB
- Agricultural Developmental Division: 38.77 PB

Statewide present law adjustments for FY 2026 are negative, primarily due to budget modifications that shifted operating expenses to personal services in FY 2025. Increases due to management decisions included increases for promotions, retention incentives, changes to exempt status, and vacancy savings.

The executive proposes statewide present law adjustments for personal services that reduce expenditures by \$43,946 in FY 2026 and \$18,953 in FY 2027. The difference between these two fiscal years is largely attributed to a \$22,400 increase in personal service expenditures for longevity in FY 2027 compared to FY 2026. Additionally, social security and retirement costs are projected to rise by \$3,400 in the second year of the biennium.

The executive proposal includes a 5.0% vacancy savings rate for each year of the biennium. This measure is expected to result in savings of \$553,900 in FY 2026 and \$555,200 in FY 2027. Vacancy savings are typically achieved by leaving positions unfilled or through natural attrition.

Present Law Adjustments

As proposed by the executive, present law adjustments total \$920,000. State special revenue supports 97.8% or \$900,000 of the total increase, and general fund supports \$20,000.

Under the executive proposal, the pesticide groundwater program state special revenue authority is increased by \$200,000 to fund an increasing number of projects undertaken in recent years. Authority for the Noxious Weed Program increases by \$600,000 from the noxious weed administration state special revenue account for the biennium, allowing the department to award more grants when funds are available.

The executive proposes an increase in state special revenue authority totaling \$100,000 for the biennium in the seed program to offset rising operating costs experienced in recent years. Additionally, the executive proposes an ongoing general fund allocation of \$20,000 for the biennium to maintain a customer relationship management system.

Statewide present law adjustments total \$85,900 and are funded primarily with federal special revenue and proprietary funds.

New proposals

As proposed by the executive, new proposals total \$992,500, all one-time-only. State special revenue funds 90.9% or \$901,900 of the new proposals. General fund supports 4.9% or \$49,000, and federal sources support 4.2% or \$41,600.

The proposed budget includes \$561,000 in state and federal special revenue to replace three pieces of equipment at the Bozeman Analytical Laboratory. This new equipment is to be used in the department's pesticide enforcement, groundwater monitoring, fertilizer regulations, and feed regulations programs.

State special revenue totaling \$87,500 is appropriated to digitize the paper-based produce inspection process and \$250,000 for the biennium for stationary granulator stations for the pesticide container recycling program to be used in the safe disposal of containers.

The organic inspection program will receive a state special revenue appropriation of \$45,000 to fund increased operations. The executive budget includes a proposal for a general fund appropriation of \$49,000 to develop and implement a customer relationship management system.

Funding

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

Total Department of Agriculture 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	2,185,157	49,000	8,218	3,206,244	5,448,619	9.5%
02040 Wheat & Barley Research & Mktg	9,388,109				9,388,109	16.4%
02205 Pulse Crop Research&Marketing	58,258			6,122,406	6,180,664	10.8%
02068 Noxious Weed Admin Account	4,783,432				4,783,432	8.4%
02193 Pesticide Account	3,732,998	209,200			3,942,198	6.9%
02453 Grain Services	3,579,898				3,579,898	6.3%
Other State Special Revenue	15,927,713	692,700		552,174	17,172,587	30.0%
State Special Revenue Total	37,470,408	901,900	-	6,674,580	45,046,888	78.7%
03118 Agriculture ASD Federal	2,529,628	41,600			2,571,228	4.5%
03225 Agriculture ADD Federal	591,486				591,486	1.0%
03120 Agriculture CMD Federal	521,156				521,156	0.9%
Federal Special Revenue Total	3,642,270	41,600	-	-	3,683,870	6.4%
06052 Hail Insurance	1,276,505			1,640,000	2,916,505	5.1%
06016 Beginning Farm Loans			116,400		116,400	0.2%
Proprietary Fund Total	1,276,505	-	116,400	1,640,000	3,032,905	5.3%
Total of All Funds	44,574,340	992,500	124,618	11,520,824	57,212,282	
Percent of All Sources of Authority	77.9%	1.7%	0.2%	20.1%		

The predominant funding source for the Department of Agriculture is state special revenue, which supports 78.7% of the total authority. Other funding sources are the general fund, federal special revenue, and proprietary funds.

Major state special revenue funds in HB 2 include:

- Wheat and barley research and marketing account - The Wheat and Barley Research and Marketing state special revenue account is primarily used to support and promote the state's wheat and barley industry through various initiatives such as research, market development, industry development, education, outreach, and the operation of the Montana Wheat and Barley Committee.
- Noxious weed administration account - Noxious weed administration account is used primarily to grant funds to local counties, cities, and tribal governments for the control of noxious weeds. The funding source comes from interest earned on the noxious weed trust fund and transfers from the general fund. The fund also receives a portion of the gasoline tax.
- Pesticide account – The pesticide account is used to administer pesticide-related activities, including equipment and facility costs, as well as expenses related to inspecting, investigating, and analyzing pesticide products, applicators, dealers, and facilities. The primary source of revenue comes from license and permit fees, and charges for service.
- Grain Services Account – Supports grain quality inspections and grading activities. Revenues in the fund are from fees charged for service.

General fund appropriations total 9.5% or \$5.4 million of all funds, of which 58.9% or \$3.2 million is statutorily appropriated, primarily to growth through agriculture programs.

The HB 2 general fund appropriation supports personal services, operating expenses, and grants. Proprietary non-budgeted funds support the administration of the hail insurance program, and the remaining proprietary funding is statutorily appropriated hail insurance benefits and claims. Other state special statutory appropriations support agriculture development and marketing programs. State special revenue is specific revenue from state sources legally restricted to expenditures for specific purposes. Balances in state special revenue funds may only be used for their specific purpose.

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	119.56	119.56	119.56	119.56
Personal Services	8,496,859	10,248,520	10,685,843	10,541,897	10,566,890
Operating Expenses	3,662,504	5,725,947	5,824,403	6,088,540	5,910,509
Equipment & Intangible Assets	317,349	524,889	338,889	338,889	899,889
Grants	5,189,332	5,048,979	5,042,856	5,342,856	5,342,856
Transfers	129,196	198,634	189,757	189,757	189,757
Debt Service	77,672	77,500	77,500	77,500	77,500
Total Expenditures	\$17,872,912	\$21,824,469	\$22,159,248	\$22,579,439	\$22,987,401
General Fund	1,392,949	1,568,310	1,594,145	1,138,166	1,095,991
State/Other Special Rev. Funds	14,950,003	18,117,214	18,414,266	18,984,188	19,388,120
Federal Spec. Rev. Funds	1,105,195	1,620,629	1,654,350	1,820,538	1,863,332
Proprietary Funds	424,765	518,316	496,487	636,547	639,958
Total Funds	\$17,872,912	\$21,824,469	\$22,159,248	\$22,579,439	\$22,987,401
Total Ongoing	\$17,262,865	\$21,213,469	\$21,784,248	\$22,272,939	\$22,301,401
Total OTO	\$610,047	\$611,000	\$375,000	\$306,500	\$686,000

Agency Description

The Montana Department of Agriculture, established by the state constitution, promotes and supports agriculture through public-private partnerships, regulatory oversight, and various programs. It collects statistics, supports farmers' organizations, sets product standards, develops marketing systems, and enforces agricultural laws. The department is organized into three divisions: Agricultural Development, Agricultural Sciences, and Central Services.

FY 2024 Appropriations Compared to FY 2024 expenditures.

In FY 2024, the Department of Agriculture spent 81.9% of its \$21.8 million HB 2 budget.

The department expended 82.9% or \$8.5 million of the \$10.2 million budgeted for personal services in FY 2024 leaving \$1.7 million unexpended. Overall, the department utilized 81.9% of the hours budgeted. Utilization rates reflect the portion of total hours allocated versus used, and vary by division, with Agricultural Development Division at 69.9% (\$906,900 unexpended), Agricultural Sciences at 88.9% (\$483,000 unexpended), Central Management at 83.8% (\$361,700 unexpended).

In FY 2024 operating expenses were 64% expended leaving \$2.1 million of the \$5.7 million budget for operations unexpended, with \$1.0 million of this amount in the Agricultural Development Division, \$972,100 in the Agricultural Sciences Division, and \$75,000 in the Central Management Division.

Appropriations for FY 2025 increased by \$334,800 or 1.5% compared to FY 2024. Ongoing expenditures increased by \$570,800 while one-time-only appropriations decreased by \$236,000. Authority for personal services increased by 4.3% or \$437,300. Authority for equipment decreased by \$236,000, with one-time-only authority for laboratory equipment and the hail insurance program being budgeted only in the first year. Other expenditure categories increased by \$133,500. Increases were funded primarily with state special revenues.

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 Agriculture				
Comparison of the FY 2025 Legislative Budget to the FY 2025 Base Budget				
Division	Legislative Budget	Executive Modifications	Base Budget	Percent Change
<u>Central Management Division</u>				
Personal Services	2,057,246	(5,000)	2,052,246	-0.2%
Operating Expenses	371,805	13,000	384,805	3.5%
Transfers		5,000	5,000	100.0%
Central Management Division Total	2,429,051	13,000	2,442,051	0.5%
<u>Agricultural Sciences Division</u>				
Personal Services	5,679,301		5,679,301	0.0%
Operating Expenses	2,746,837	(72,397)	2,674,440	-2.6%
Equipment & Intangible Assets	259,012		259,012	0.0%
Grants	2,258,285	70,397	2,328,682	3.1%
Transfers	25,000	15,000	40,000	60.0%
Debt Service	35,500		35,500	0.0%
Agricultural Sciences Division Total	11,003,935	13,000	11,016,935	0.1%
<u>Agricultural Development Div</u>				
Personal Services	2,854,296		2,854,296	0.0%
Operating Expenses	2,518,948	(31,000)	2,487,948	-1.2%
Equipment & Intangible Assets	79,877		79,877	0.0%
Grants	2,714,174		2,714,174	0.0%
Transfers	139,757	5,000	144,757	3.6%
Debt Service	42,000		42,000	0.0%
Agricultural Development Div Total	8,349,052	(26,000)	8,323,052	-0.3%
Agency Total	21,782,038	-	21,782,038	0.0%

The agency transferred \$26,000 from the agricultural development division to the central management and sciences divisions. These transfers also moved \$90,400 in operating expenses, and \$5,000 in personal services expenses to grants and transfers.

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 FY 2025	Requested Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	19.00	19.00	19.00	0.00	0.0%
General Fund	307,235	426,311	432,847	244,688	39.8%
State/Other Special Rev. Funds	1,716,277	1,716,277	1,716,277		0.0%
Federal Spec. Rev. Funds	260,578	260,578	260,578		0.0%
Proprietary Funds	157,961	157,961	157,961		0.0%
Total Funds	2,442,051	2,561,127	2,567,663	244,688	5.0%
Personal Services	2,052,246	2,110,649	2,115,840	121,997	3.0%
Operating Expenses	384,805	445,478	446,823	122,691	15.9%
Transfers	5,000	5,000	5,000		0.0%
Total Expenditures	2,442,051	2,561,127	2,567,663	244,688	5.0%
Total Ongoing	2,442,051	2,561,127	2,567,663	244,688	5.0%
Total One-Time-Only					0.0%

Program Highlights

Central Management Division Major Budget Highlights

The executive proposes a 5.0% or \$244,700 in total appropriations above base funding. The proposed increases are due entirely to statewide present law adjustments.

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.

Central Management 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	307,235	1,716,277	260,578	2,442,051	95.4%	307,235	1,716,277	260,578	2,442,051	95.1%
Statewide PL										
Personal Services	58,403	0	0	58,403	2.3%	63,594	0	0	63,594	2.5%
Fixed Costs	60,673	0	0	60,673	2.4%	62,018	0	0	62,018	2.4%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	119,076	0	0	119,076	4.6%	125,612	0	0	125,612	4.9%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	119,076	0	0	119,076	4.6%	125,612	0	0	125,612	4.9%
Total Requested Budget	426,311	1,716,277	260,578	2,561,127		432,847	1,716,277	260,578	2,567,663	

Funding

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

Department of Agriculture, 15-Central Management 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	859,158	0	0	36,400	895,558	17.3%
02238 CSD Admin Indirect Costs	3,432,554	0	0	0	3,432,554	100.0%
State Special Total	\$3,432,554	\$0	\$0	\$0	\$3,432,554	66.5%
03120 Agriculture CMD Federal	521,156	0	0	0	521,156	100.0%
Federal Special Total	\$521,156	\$0	\$0	\$0	\$521,156	10.1%
06052 Hail Insurance	315,922	0	0	0	315,922	100.0%
Proprietary Total	\$315,922	\$0	\$0	\$0	\$315,922	6.1%
Total All Funds	\$5,128,790	\$0	\$0	\$36,400	\$5,165,190	

The Central Management Division is primarily funded by state special revenue generated from licenses, permits, and user fees. These funds are used to administer programs that promote Montana agriculture. General funds and federal revenue support personal services and associated operating expenses. Proprietary revenue is generated through premiums charged to participants in the Hail Insurance Program, which supports personal services for the program's staff. Statutory appropriations, mainly from the general fund, provide administrative support for agricultural research and marketing programs.

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	19.00	19.00	19.00	19.00
Personal Services	1,579,742	1,941,475	2,052,246	2,110,649	2,115,840
Operating Expenses	342,871	417,912	384,805	445,478	446,823
Transfers	15,000	15,000	5,000	5,000	5,000
Total Expenditures	\$1,937,613	\$2,374,387	\$2,442,051	\$2,561,127	\$2,567,663
General Fund	299,033	299,036	307,235	426,311	432,847
State/Other Special Rev. Funds	1,235,559	1,665,769	1,716,277	1,716,277	1,716,277
Federal Spec. Rev. Funds	259,113	259,112	260,578	260,578	260,578
Proprietary Funds	143,908	150,470	157,961	157,961	157,961
Total Funds	\$1,937,613	\$2,374,387	\$2,442,051	\$2,561,127	\$2,567,663
Total Ongoing	\$1,937,613	\$2,374,387	\$2,442,051	\$2,561,127	\$2,567,663
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Central Services Division provides business support to the department, covering areas such as finance, human resources, information technology, public information, legal matters, and administrative functions. This division also includes the Director's Office, which is responsible for providing overall guidance and developing policies for the department. Additionally, the office coordinates efforts with the agricultural industry and collaborates with other government branches.

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	58,403	0	0	58,403	0.00	63,594	0	0	63,594
DP 2 - Fixed Costs										
	0.00	60,673	0	0	60,673	0.00	62,018	0	0	62,018
Grand Total All Present Law Adjustments										
	0.00	\$119,076	\$0	\$0	\$119,076	0.00	\$125,612	\$0	\$0	\$125,612

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

DP 1 - Personal Services -

The 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

Central Management Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	71,117
Management Changes	(117,714)
Budget Modifications	105,000
Total	58,403

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: 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.

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 FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
PB	61.79	61.79	61.79	0.00	0.0%
General Fund	401,812	397,858	398,079	(7,687)	(1.0%)
State/Other Special Rev. Funds	9,517,094	9,993,121	10,395,188	1,354,121	7.1%
Federal Spec. Rev. Funds	1,098,029	1,264,217	1,307,011	375,170	17.1%
Total Funds	11,016,935	11,655,196	12,100,278	1,721,604	7.8%
Personal Services	5,679,301	5,606,885	5,621,675	(130,042)	(1.1%)
Operating Expenses	2,674,440	3,085,117	2,954,409	690,646	12.9%
Equipment & Intangible Assets	259,012	259,012	820,012	561,000	108.3%
Grants	2,328,682	2,628,682	2,628,682	600,000	12.9%
Transfers	40,000	40,000	40,000		0.0%
Debt Service	35,500	35,500	35,500		0.0%
Total Expenditures	11,016,935	11,655,196	12,100,278	1,721,604	7.8%
Total Ongoing	11,016,935	11,397,696	11,414,278	778,104	3.5%
Total One-Time-Only	125,000	257,500	686,000	693,500	277.4%

Program Highlights

Agricultural Sciences Division Major Budget Highlights

The executive proposes a 7.8% or \$1.7 million in total appropriations above base funding. In addition to a reduction due to statewide present law adjustments of \$121,900, the executive proposes:

- One-time-only equipment purchases, operations, and IT costs - \$943,500
- Increase grant authority for noxious weeds programs - \$600,000
- Increase operating authority for pesticide groundwater programs - \$200,000
- Increase in authority for seed programs - \$100,000

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.

Agricultural Sciences 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	401,812	9,517,094	1,098,029	11,016,935	94.5%	401,812	9,517,094	1,098,029	11,016,935	91.0%
Statewide PL										
Personal Services	(5,160)	(233,974)	166,718	(72,416)	(0.6%)	(4,985)	(220,668)	168,027	(57,626)	(0.5%)
Fixed Costs	1,206	2,501	(530)	3,177	0.0%	1,252	4,362	(645)	4,969	0.0%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	(3,954)	(231,473)	166,188	(69,239)	(0.6%)	(3,733)	(216,306)	167,382	(52,657)	(0.4%)
Present Law (PL)	0	450,000	0	450,000	3.9%	0	450,000	0	450,000	3.7%
New Proposals	0	257,500	0	257,500	2.2%	0	644,400	41,600	686,000	5.7%
Total HB 2 Adjustments	(3,954)	476,027	166,188	638,261	5.5%	(3,733)	878,094	167,382	1,083,343	9.0%
Total Requested Budget	397,858	9,993,121	1,264,217	11,655,196		398,079	10,395,188	1,265,411	12,100,278	

Funding

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

Department of Agriculture, 30-Agricultural Sciences 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	795,937	0	0	0	795,937	3.3%
02068 Noxious Weed Admin Account	4,783,432	0	0	0	4,783,432	23.3%
02071 Anhydrous Ammonia Account	26,374	0	0	0	26,374	0.1%
02072 Manuals & Training Account	122,662	0	0	0	122,662	0.6%
02093 Alfalfa Leaf Cutting Bee	21,700	0	0	0	21,700	0.1%
02192 Pesticide Groundwater Account	2,525,008	459,200	0	0	2,984,208	14.6%
02193 Pesticide Account	3,732,998	209,200	0	0	3,942,198	19.2%
02198 Fert. Groundwater Account	100,981	0	0	0	100,981	0.5%
02264 Organic Certification	1,219,200	45,000	0	0	1,264,200	6.2%
02265 FSI Produce	707,964	0	0	0	707,964	3.5%
02266 Commodity Dealer/Warehouse	247,585	0	0	108,000	355,585	1.7%
02267 Nursery Account	342,161	0	0	0	342,161	1.7%
02268 Produce Account	1,039,973	87,500	0	0	1,127,473	5.5%
02269 Seed Account	406,850	0	0	0	406,850	2.0%
02272 Plant Export Certification	398,279	0	0	0	398,279	1.9%
02341 Weed Seed Free Forage Account	267,248	0	0	0	267,248	1.3%
02452 Commercial Fertilizer	953,515	58,000	0	0	1,011,515	4.9%
02454 Commercial Feed	1,658,933	43,000	0	0	1,701,933	8.3%
02465 Industrial Hemp	477,659	0	0	0	477,659	2.3%
02782 Reverted Weed Grant Fund	132,000	0	0	0	132,000	0.6%
02792 Apiary Account	321,887	0	0	0	321,887	1.6%
State Special Total	\$19,486,409	\$901,900	\$0	\$108,000	\$20,496,309	85.9%
03118 Agriculture ASD Federal	2,529,628	41,600	0	0	2,571,228	100.0%
Federal Special Total	\$2,529,628	\$41,600	\$0	\$0	\$2,571,228	10.8%
Proprietary Total	\$0	\$0	\$0	\$0	\$0	0.0%
Total All Funds	\$22,811,974	\$943,500	\$0	\$108,000	\$23,863,474	

The Agricultural Sciences Division is primarily funded by state special revenue, which accounts for 85.9% of its total funding. This revenue is mainly derived from fees assessed for regulatory activities, product registration, technical services, and interest earned on the weed trust fund. The division also receives federal revenue from the U.S. Department of Agriculture, Federal Drug Administration (FDA), and the Environmental Protection Agency (EPA). These federal funds are utilized for noxious weed mitigation and to support portions of the Bovine Spongiform Encephalopathy (BSE), commonly known as "mad cow disease", feed sampling program. A small portion of the division's funding comes from the general fund, which supports inspection and testing for prohibited materials in feed related to BSE and noxious weed control grants. Additionally, statutory appropriations are funded by the liquidation of grain, and the fees collected are used for the correction of storage deficiencies.

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	61.79	61.79	61.79	61.79
Personal Services	5,022,949	5,505,993	5,779,301	5,606,885	5,621,675
Operating Expenses	1,663,155	2,635,259	2,699,440	3,085,117	2,954,409
Equipment & Intangible Assets	264,612	445,012	259,012	259,012	820,012
Grants	1,973,668	2,334,805	2,328,682	2,628,682	2,628,682
Transfers	38,877	38,877	40,000	40,000	40,000
Debt Service	35,827	35,500	35,500	35,500	35,500
Total Expenditures	\$8,999,088	\$10,995,446	\$11,141,935	\$11,655,196	\$12,100,278
General Fund	345,679	520,984	526,812	397,858	398,079
State/Other Special Rev. Funds	7,821,124	9,397,231	9,517,094	9,993,121	10,395,188
Federal Spec. Rev. Funds	832,285	1,077,231	1,098,029	1,264,217	1,307,011
Total Funds	\$8,999,088	\$10,995,446	\$11,141,935	\$11,655,196	\$12,100,278
Total Ongoing	\$8,689,042	\$10,684,446	\$11,016,935	\$11,397,696	\$11,414,278
Total OTO	\$310,046	\$311,000	\$125,000	\$257,500	\$686,000

Program Description

The Agricultural Sciences Division (ASD) oversees and coordinates a wide range of agricultural activities and programs. These include pesticide and pest management, analytical laboratory services, noxious weed management, and an agricultural chemical groundwater program. The division also manages programs related to seed, feed, and fertilizer, as well as organic certification, nursery operations, and apiary regulation. Additionally, ASD is responsible for commodity programs, invasive species control, produce safety, hemp cultivation, and export certification.

In addition to the specific programs listed above, ASD administers agricultural initiatives that encompass the production, manufacturing, certification, and marketing of commodities exported from or distributed within the state. The division extends its support to two advisory bodies: the Montana Noxious Weed Management Advisory Council and the Montana Organic Commodity Advisory Council.

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	(5,160)	(233,974)	166,718	(72,416)	0.00	(4,985)	(220,668)	168,027	(57,626)
DP 2 - Fixed Costs	0.00	1,206	2,501	(530)	3,177	0.00	1,252	4,362	(645)	4,969
DP 30002 - Pesticide Groundwater Authority Increase	0.00	0	100,000	0	100,000	0.00	0	100,000	0	100,000
DP 30005 - Noxious Weed Grant Authority Increase	0.00	0	300,000	0	300,000	0.00	0	300,000	0	300,000
DP 30006 - Seed Program Authority Increase	0.00	0	50,000	0	50,000	0.00	0	50,000	0	50,000
Grand Total All Present Law Adjustments	0.00	(\$3,954)	\$218,527	\$166,188	\$380,761	0.00	(\$3,733)	\$233,694	\$167,382	\$397,343

***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

Agricultural Sciences Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	98,226
Management Changes	(70,642)
Budget Modifications	(100,000)
Total	(72,416)

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: 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 30002 - Pesticide Groundwater Authority Increase -

The executive proposes increasing state special revenue for the operation of the pesticide groundwater program. The proposal is funded primarily from groundwater pesticide registration fees.

DP 30005 - Noxious Weed Grant Authority Increase -

The executive proposes an increase in state special revenue grant authority for the noxious weed program. This increase is from the state special revenue account for noxious weed administration, which receives funding through transfers from both the noxious weed trust fund and the general fund. funded with revenue generated from seed licenses and assessment fees.

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 30001 - Analytical Lab Equipment (OTO)	0.00	0	0	0		0.00	0	519,400	41,600	561,000
DP 30003 - Produce Digital Inspections (OTO)	0.00	0	87,500	87,500		0.00	0	0	0	0
DP 30004 - Organic Program System (OTO)	0.00	0	45,000	45,000		0.00	0	0	0	0
DP 30009 - Stationary Granulator Locations (OTO)	0.00	0	125,000	125,000		0.00	0	125,000	0	125,000
Total	0.00	\$0	\$257,500	\$0	\$257,500	0.00	\$0	\$644,400	\$41,600	\$686,000

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

DP 30001 - Analytical Lab Equipment (OTO) -

The executive proposes a one-time-only increase in state and federal special revenue to fund the replacement of equipment at the Bozeman Analytical Laboratory. This new equipment will support the department's programs in pesticide enforcement, groundwater monitoring, fertilizer regulations, and feed regulations.

DP 30003 - Produce Digital Inspections (OTO) -

The executive proposes a one-time increase in state special revenue to transition the produce inspection process from paper to digital. This proposal would be primarily funded by revenue generated from produce assessment fees.

DP 30004 - Organic Program System (OTO) -

The executive proposes a one-time-only increase in state special revenue to support the operations of the organic inspection program. This program ensures compliance with organic regulations, allowing products to be sold, labeled, and represented as organic. The proposal will be funded from licensing and permit fees for organic certification.

DP 30009 - Stationary Granulator Locations (OTO) -

The executive proposes a one-time-only increase in state special revenue to set up granulator stations. Granulators are used in the pesticide container recycling program. This proposal would be funded primarily with groundwater pesticide registration fees.

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 FY 2025	Requested Budget		Biennium Change from Base	
		FY 2026	FY 2027	Amount	Percent
PB	38.77	38.77	38.77	0.00	0.0%
General Fund	510,098	313,997	265,065	(441,134)	(43.2%)
State/Other Special Rev. Funds	7,180,895	7,274,790	7,276,655	189,655	1.3%
Federal Spec. Rev. Funds	295,743	295,743	295,743		0.0%
Proprietary Funds	338,526	478,586	481,997	283,531	41.9%
Total Funds	8,325,262	8,363,116	8,319,460	32,052	0.2%
Personal Services	2,854,296	2,824,363	2,829,375	(54,854)	(1.0%)
Operating Expenses	2,490,158	2,557,945	2,509,277	86,906	1.7%
Equipment & Intangible Assets	79,877	79,877	79,877		0.0%
Grants	2,714,174	2,714,174	2,714,174		0.0%
Transfers	144,757	144,757	144,757		0.0%
Debt Service	42,000	42,000	42,000		0.0%
Total Expenditures	8,325,262	8,363,116	8,319,460	32,052	0.2%
Total Ongoing	8,325,262	8,314,116	8,319,460	(16,948)	(0.1%)
Total One-Time-Only	250,000	49,000		(451,000)	(90.2%)

Program Highlights

Agricultural Development Division Major Budget Highlights

The executive proposes an increase of 0.2%, or \$32,100, in total appropriations above the base funding. This includes a reduction of \$36,900 due to statewide present law adjustments.

In addition to statewide present law adjustments, the executive proposes a one-time-only general fund appropriation of \$49,000 to develop a new Customer Relations Management (CRM) system and ongoing general fund support of \$20,000 for the operation of the CRM system.

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.

Agricultural Development 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	510,098	7,180,895	295,743	8,325,262	99.5%	510,098	7,180,895	295,743	8,325,262	100.1%
Statewide PL										
Personal Services	(253,608)	82,695	0	(29,933)	(0.4%)	(253,352)	83,911	0	(24,921)	(0.3%)
Fixed Costs	(1,455)	11,558	0	9,183	0.1%	(1,655)	12,091	0	9,387	0.1%
Inflation Deflation	(38)	(358)	0	(396)	(0.0%)	(26)	(242)	0	(268)	(0.0%)
Total Statewide PL	(255,101)	93,895	0	(21,146)	(0.3%)	(255,033)	95,760	0	(15,802)	(0.2%)
Present Law (PL)	10,000	0	0	10,000	0.1%	10,000	0	0	10,000	0.1%
New Proposals	49,000	0	0	49,000	0.6%	0	0	0	0	0.0%
Total HB 2 Adjustments	(196,101)	93,895	0	37,854	0.5%	(245,033)	95,760	0	(5,802)	(0.1%)
Total Requested Budget	313,997	7,274,790	295,743	8,363,116		265,065	7,276,655	295,743	8,319,460	

Funding

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

Department of Agriculture, 50-Agricultural Development 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	530,062	49,000	8,218	3,169,844	3,757,124	13.3%
02040 Wheat & Barley Research & Mktg	9,388,109	0	0	0	9,388,109	44.5%
02062 Growth Through Agriculture	1,311,638	0	0	0	1,311,638	6.2%
02066 Agriculture In MT Schools Act.	90,890	0	0	0	90,890	0.4%
02132 GTA Seed Capital Account	0	0	0	140,000	140,000	0.7%
02205 Pulse Crop Research&Marketing	58,258	0	0	6,122,406	6,180,664	29.3%
02453 Grain Services	3,579,898	0	0	0	3,579,898	17.0%
02461 Alfalfa Seed Assessment	75,988	0	0	0	75,988	0.4%
02465 Industrial Hemp	34,068	0	0	0	34,068	0.2%
02466 Misc Ag Donations	12,596	0	0	0	12,596	0.1%
02793 Potato Research & Marketing	0	0	0	304,174	304,174	1.4%
State Special Total	\$14,551,445	\$0	\$0	\$6,566,580	\$21,118,025	74.9%
03225 Agriculture ADD Federal	591,486	0	0	0	591,486	100.0%
Federal Special Total	\$591,486	\$0	\$0	\$0	\$591,486	2.1%
06016 Beginning Farm Loans	0	0	116,400	0	116,400	4.3%
06052 Hail Insurance	960,583	0	0	1,640,000	2,600,583	95.7%
Proprietary Total	\$960,583	\$0	\$116,400	\$1,640,000	\$2,716,983	9.6%
Total All Funds	\$16,633,576	\$49,000	\$124,618	\$11,376,424	\$28,183,618	

The Agricultural Development Division's funding is primarily derived from state special revenue, which constitutes 74.9% of its total funding. General fund contributes 13.3%, proprietary funds account 9.6%, and federal funding makes up 2.1% of the division's budget.

The main source of state special revenue is the wheat and barley research and marketing account, supported by levies on each bushel of wheat and barley produced in Montana. Additional revenue streams include grain testing fees and alfalfa seed assessments. Levies on the net revenue of pulse crops produced in the state are statutorily appropriated to the pulse crop research and marketing fund.

The general fund authority support division administration through personal services and associated operating expenses.

Federal special revenue, obtained from federal grants, is used to develop agriculture markets, fund marketing projects, and cover related operating costs.

Proprietary funding is used for beginning farm loans. Statutory appropriations support growth through agriculture seed programs, hail insurance, research, and marketing for agricultural products.

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	38.77	38.77	38.77	38.77
Personal Services	1,894,168	2,801,052	2,854,296	2,824,363	2,829,375
Operating Expenses	1,656,478	2,672,776	2,740,158	2,557,945	2,509,277
Equipment & Intangible Assets	52,737	79,877	79,877	79,877	79,877
Grants	3,215,664	2,714,174	2,714,174	2,714,174	2,714,174
Transfers	75,319	144,757	144,757	144,757	144,757
Debt Service	41,845	42,000	42,000	42,000	42,000
Total Expenditures	\$6,936,211	\$8,454,636	\$8,575,262	\$8,363,116	\$8,319,460
General Fund	748,237	748,290	760,098	313,997	265,065
State/Other Special Rev. Funds	5,893,320	7,054,214	7,180,895	7,274,790	7,276,655
Federal Spec. Rev. Funds	13,797	284,286	295,743	295,743	295,743
Proprietary Funds	280,857	367,846	338,526	478,586	481,997
Total Funds	\$6,936,211	\$8,454,636	\$8,575,262	\$8,363,116	\$8,319,460
Total Ongoing	\$6,636,210	\$8,154,636	\$8,325,262	\$8,314,116	\$8,319,460
Total OTO	\$300,001	\$300,000	\$250,000	\$49,000	\$0

Program Description

The Agricultural Development Division (ADD) supports Montana's agricultural industry through various services and programs. It manages the Growth Through Agriculture program, oversees wheat and barley research and marketing initiatives, and coordinates pulse crop research and marketing efforts. The division is responsible for awarding and managing various agricultural loans, including those for beginning farmers and ranchers. ADD provides services such as hail insurance, grain grading and inspection, and promotes agricultural literacy through curriculum development.

The division fosters marketing and trade initiatives by facilitating both domestic and international opportunities by organizing inbound and outbound trade missions. The division offers support to producers through farm and ranch stress assistance programs, mediation services, and administration of agricultural commodity research and market development initiatives. ADD also provides administrative support to several key agricultural committees and boards, including the Alfalfa Seed Committee, Montana Wheat and Barley Board, Montana Pulse Crop Committee, Agriculture Development Council, Board of Hail Insurance, and an advisory potato committee.

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	(253,608)	82,695	0	(29,933)	0.00	(253,352)	83,911	0	(24,921)	
DP 2 - Fixed Costs										
0.00	(1,455)	11,558	0	9,183	0.00	(1,655)	12,091	0	9,387	
DP 3 - Inflation Deflation										
0.00	(38)	(358)	0	(396)	0.00	(26)	(242)	0	(268)	
DP 50008 - Ag Development CRM System Maintenance										
0.00	10,000	0	0	10,000	0.00	10,000	0	0	10,000	
Grand Total All Present Law Adjustments										
0.00	(\$245,101)	\$93,895	\$0	(\$11,146)	0.00	(\$245,033)	\$95,760	\$0	(\$5,802)	

***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

Agricultural Development Division	
FY 2026 Statewide Present Law Adjustment for Personal Services	
Legislative Changes	39,691
Management Changes	100,376
Budget Modifications	(170,000)
Total	(29,933)

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: 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 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 50008 - Ag Development CRM System Maintenance -

The executive proposes increasing general fund authority to support ongoing maintenance customer relationship management system.

This proposal is related to DP 50007 - Agriculture Development CRM System.

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 50007 - Ag Development CRM System (OTO)										
	0.00	49,000	0	0	49,000	0.00	0	0	0	0
Total	0.00	\$49,000	\$0	\$0	\$49,000	0.00	\$0	\$0	\$0	\$0

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

DP 50007 - Ag Development CRM System (OTO) -

The executive proposes a one-time-only increase in general fund allocation to support the implementation of a Customer Relationship Management (CRM) system. This system would assist in marketing grants and enable the analysis and tracking of data related to customer interactions.

This decision package is related to DP 50008 - Ag Development CRM System Maintenance.