

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

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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	82.08	98.66	98.66	16.58	10.1%
Proprietary Funds	11,600,219	13,110,638	13,129,621	3,039,821	13.1%
Total Funds	11,600,219	13,110,638	13,129,621	3,039,821	13.1%
Personal Services	5,507,851	7,018,270	7,037,253	3,039,821	27.6%
Operating Expenses	4,481,602	4,481,602	4,481,602		0.0%
Equipment & Intangible Assets	1,177,766	1,177,766	1,177,766		0.0%
Benefits & Claims	5,000	5,000	5,000		0.0%
Debt Service	428,000	428,000	428,000		0.0%
Total Expenditures	11,600,219	13,110,638	13,129,621	3,039,821	13.1%
Total Ongoing	11,600,219	13,110,638	13,129,621	3,039,821	13.1%
Total One-Time-Only					0.0%

Agency Highlights

Department of Fish, Wildlife, and Parks	
Major Budget Highlights	
The non-budgeted proprietary appropriations for the department total about \$3.0 million. This is a 13.1% increase above base funding. Increases include:	
<ul style="list-style-type: none"> • Proprietary maintenance program: \$1.6 million • Statewide present law adjustments for personal services: \$1.1 million • Aircraft and vehicle fleet rates: \$315,700 	

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 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	0	0	11,600,219	88.5%	0	0	0	11,600,219	88.4%
Statewide PL										
Personal Services	0	0	0	549,560	4.2%	0	0	0	565,617	4.3%
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	549,560	4.2%	0	0	0	565,617	4.3%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	960,859	7.3%	0	0	0	963,785	7.3%
Total Adjustments	0	0	0	1,510,419	11.5%	0	0	0	1,529,402	11.6%
Total Requested Budget	0	0	0	13,110,638		0	0	0	13,129,621	

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 Gmt	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%		

Non-Budgeted Proprietary Funds

The non-budgeted proprietary funds include all internal service and enterprise funds.

Internal service funds account for operations that provide services within the agency, or other agencies of state government, on a cost reimbursement basis. They include the use of department statewide facilities maintenance program, aircraft, vehicles, and the state warehouse.

Enterprise funds are revenues generated from goods or services to the public. For the department these are primarily from the sales of merchandise at the Montana Fish, Wildlife, and Parks (FWP) visitor centers.

Descriptions of all other funds in the table above can be found in the 2027 biennium budget analysis.

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	82.08	82.08	98.66	98.66
Personal Services	6,033,354	6,075,056	5,507,851	7,018,270	7,037,253
Operating Expenses	5,398,017	6,582,063	4,481,602	4,481,602	4,481,602
Equipment & Intangible Assets	7,978,839	8,087,766	1,177,766	1,177,766	1,177,766
Benefits & Claims	3,000	5,000	5,000	5,000	5,000
Debt Service	89,228	428,000	428,000	428,000	428,000
Total Expenditures	\$19,502,438	\$21,177,885	\$11,600,219	\$13,110,638	\$13,129,621
Proprietary Funds	19,502,438	21,177,885	11,600,219	13,110,638	13,129,621
Total Funds	\$19,502,438	\$21,177,885	\$11,600,219	\$13,110,638	\$13,129,621
Total Ongoing	\$19,502,438	\$21,177,885	\$11,600,219	\$13,110,638	\$13,129,621
Total OTO	\$0	\$0	\$0	\$0	\$0

Agency Description

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.

The department utilized 92.1% of its projected proprietary fund expenditure, amounting to \$1.7 million being unexpended. Of this unexpended portion:

- Operations accounted for the largest share at 70.7% or \$1.2 million of the unexpended amount, primarily within the Administration Department's maintenance program.
- Debt services related to the department's aviation and vehicle programs comprised 20.2% or \$338,800 of the unexpended amount.
- The remaining unexpended authority was distributed as follows:
 - \$108,900 for equipment
 - \$41,700 for personal services

FY 2024 Appropriations Compared to FY 2025 Appropriations

Anticipated expenditures in FY 2025 are 45.0% percent or \$9.6 million lower than FY 2024. Lower spending was anticipated primarily for equipment and intangibles which was budgeted \$6.9 million lower in FY 2025. Operating expenses were budgeted \$2.1 million lower and personal services \$567,200 lower.

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	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	5.18	5.18	5.18	0.00	0.0%	
Proprietary Funds	560,155	558,249	559,107	(2,954)	(0.3%)	
Total Funds	560,155	558,249	559,107	(2,954)	(0.3%)	
Personal Services	360,283	358,377	359,235	(2,954)	(0.4%)	
Operating Expenses	199,872	199,872	199,872	0.00	0.0%	
Total Expenditures	560,155	558,249	559,107	(2,954)	(0.3%)	
Total Ongoing	560,155	558,249	559,107	(2,954)	(0.3%)	
Total One-Time-Only					0.0%	

Program Highlights

Parks and Outdoor Recreation Division	
Major Budget Highlights	
The non-budgeted proprietary funds decrease slightly compared to base funding. The entire decrease of about \$3,000 is due to statewide present law adjustments for personal services.	

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	0	0	560,155	100.3%	0	0	0	560,155	100.2%
Statewide PL										
Personal Services	0	0	0	(1,906)	(0.3%)	0	0	0	(1,048)	(0.2%)
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	(1,906)	(0.3%)	0	0	0	(1,048)	(0.2%)
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 Adjustments	0	0	0	(1,906)	(0.3%)	0	0	0	(1,048)	(0.2%)
Total Requested Budget	0	0	0	558,249		0	0	0	559,107	

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)-Wildlf(Pr) Restor Gmt	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	

Proprietary revenues are generated from the sale of services and merchandise at FWP visitor centers.

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	5.18	5.18	5.18	5.18
Personal Services	166,751	199,731	360,283	358,377	359,235
Operating Expenses	329,873	339,587	199,872	199,872	199,872
Total Expenditures	\$496,624	\$539,318	\$560,155	\$558,249	\$559,107
Proprietary Funds	496,624	539,318	560,155	558,249	559,107
Total Funds	\$496,624	\$539,318	\$560,155	\$558,249	\$559,107
Total Ongoing	\$496,624	\$539,318	\$560,155	\$558,249	\$559,107
Total OTO	\$0	\$0	\$0	\$0	\$0

Proprietary Program Description

Section 23-1-105 (5), MCA, authorizes the Parks Division of Montana Fish, Wildlife and Parks to establish an enterprise fund for the purpose of managing state park visitor services revenue.

The fund is used by the department to provide inventory through purchase, production, or donation and for the sale of educational, commemorative, and interpretive merchandise and other related goods and services at department sites and facilities.

The fund was established primarily to better manage Montana State Parks visitor centers that sell books, clothing, and commemorative items at parks like First Peoples Buffalo Jump, Makoshika, and Chief Plenty Coups as well as parks that sell items like firewood and ice. Monies generated go back into the purchase of inventory and the improvement of visitor services in state parks and FWP overall.

Revenues and Expenses

Revenues are generated by the sales of interpretive and educational merchandise at park visitor centers and regional offices. The expenses associated with the enterprise fund include personal services, office supplies, merchandising materials, and the purchase of inventory to replenish stock. In FY 2020, personal services were increased for positions that manage and promote educational, commemorative, and interpretive services.

Rates and Rate Explanation

A markup of 40.0% - 50.0% on goods sold is applied to ensure sufficient revenues are collected to cover expenses, and projected fund balance, including cash fluctuations. The objective is to maintain an adequate fund balance to cover the costs of promoting and managing the visitor centers. The cash balances are highest in the winter after the parks season ends and lowest in the spring when stock is purchased to replenish inventory.

Proprietary Rates

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Parks and Outdoor Recreation Division			
	Fund	Fund Name					
	06068	MFWP Visitor Services					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
Total Operating Revenues							
Expenses:							
Personal Services							
Other Operating Expenses							
Total Operating Expenses							
Operating Income (Loss)							
Nonoperating Revenues:							
Other Revenue A							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)							
Income (Loss) Before Contributions and Transfers							
Change in Net Position							
Beginning Net Position - July 1							
Change in Net Position							
Ending Net Position - June 30							
Net Position (Fund Balance) Analysis							

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	0	0	(1,906)		0.00	0	0	0	(1,048)
Grand Total All Present Law Adjustments										
0.00	\$0	\$0	\$0	(\$1,906)		0.00	\$0	\$0	\$0	(\$1,048)

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

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

DP 1 - Personal Services -

The executive proposes 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

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	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	76.90	93.48	93.48	16.58	10.8%
Proprietary Funds	11,040,064	12,552,389	12,570,514	3,042,775	13.8%
Total Funds	11,040,064	12,552,389	12,570,514	3,042,775	13.8%
Personal Services	5,147,568	6,659,893	6,678,018	3,042,775	29.6%
Operating Expenses	4,281,730	4,281,730	4,281,730		0.0%
Equipment & Intangible Assets	1,177,766	1,177,766	1,177,766		0.0%
Benefits & Claims	5,000	5,000	5,000		0.0%
Debt Service	428,000	428,000	428,000		0.0%
Total Expenditures	11,040,064	12,552,389	12,570,514	3,042,775	13.8%
Total Ongoing	11,040,064	12,552,389	12,570,514	3,042,775	13.8%
Total One-Time-Only					0.0%

Program Highlights

Administration Division
Major Budget Highlights
<p>The non-budgeted proprietary funds increase by 13.8% or \$3.0 million compared to base funding. Increases in the anticipated expenditures include:</p> <ul style="list-style-type: none"> Statewide present law adjustments for personal services: \$1.1 million Aircraft and vehicle proprietary rates: \$315,700 Facilities maintenance proprietary program: \$1.6 million

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	0	0	11,040,064	88.0%	0	0	0	11,040,064	87.8%
Statewide PL										
Personal Services	0	0	0	551,466	4.4%	0	0	0	566,665	4.5%
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	551,466	4.4%	0	0	0	566,665	4.5%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	960,859	7.7%	0	0	0	963,785	7.7%
Total Adjustments	0	0	0	1,512,325	12.0%	0	0	0	1,530,450	12.2%
Total Requested Budget	0	0	0	12,552,389		0	0	0	12,570,514	

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 Gmt	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	

Internal service funds account for operations that provide services within the agency, or other agencies of state government, on a cost reimbursement basis. This includes the use of department statewide facilities maintenance program, aircraft, vehicles, and the state warehouse.

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	76.90	76.90	93.48	93.48
Personal Services	5,866,603	5,875,325	5,147,568	6,659,893	6,678,018
Operating Expenses	5,068,144	6,242,476	4,281,730	4,281,730	4,281,730
Equipment & Intangible Assets	7,978,839	8,087,766	1,177,766	1,177,766	1,177,766
Benefits & Claims	3,000	5,000	5,000	5,000	5,000
Debt Service	89,228	428,000	428,000	428,000	428,000
Total Expenditures	\$19,005,814	\$20,638,567	\$11,040,064	\$12,552,389	\$12,570,514
Proprietary Funds	19,005,814	20,638,567	11,040,064	12,552,389	12,570,514
Total Funds	\$19,005,814	\$20,638,567	\$11,040,064	\$12,552,389	\$12,570,514
Total Ongoing	\$19,005,814	\$20,638,567	\$11,040,064	\$12,552,389	\$12,570,514
Total OTO	\$0	\$0	\$0	\$0	\$0

*Program Description***06502 FWP Fleet Fund**

The department's equipment fund provides a fleet of vehicles to department employees.

Revenues and Expenses

Users are charged a usage rate for the number of miles driven and an assigned rate for the number of days a vehicle is used. The assigned rates are calculated to recover the costs of administration to operate the program (personal services and fixed operational costs) and replacement of fleet vehicles. The usage rates are calculated to recover the costs of fuel, supplies, repairs, and maintenance of the fleet. This fund supports a total of 4.56 PB.

In order to serve the specialized vehicle needs for the department, the fleet program has experienced an increase in workload to maintain vehicles and install necessary specialized modifications (for game warden trucks). In the previous biennium, the department added an additional modified PB fleet technician to meet this increased workload. The department requests to make the position permanent.

In FY 2024, department employees drove a total of 7.6 million miles in department-owned vehicles. The number of miles driven is expected to remain consistent over the next biennium. The department currently has a fleet of 638 vehicles. The department's request for vehicle replacement is for 56 vehicles in FY 2026 and 60 in FY 2027. This is based on replacing vehicles after a minimum of 180,000 miles. For the additional cost to the programs, the department submitted a decision package request, DP911. The department will also be managing this fund to ensure that the fiscal year end (FYE) balance will not exceed the 60-day working capital requirement.

Rates and Rate Explanation

The vehicle usage rate recovers the direct costs of fuel, supplies, repairs, and maintenance of the fleet. The assigned rates for vehicles are calculated to recover the costs of administration of the program (personal services, vehicle licensing, insurance and title work, utilities, etc) and replacement of fleet vehicles.

The executive proposes an increase to the Vehicle Usage proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates proposed by the executive for the 2027 biennium.

FY 2026 Vehicle Usage Rate				
<u>Vehicle Class</u>	<u>Assigned Cost Rate per Day:</u>	<u>Tier 1 \$4.50/gal</u>	<u>Tier 2 \$5.00/gal</u>	<u>Tier 3 \$5.50/gal</u>
210 Sedan	\$17.30	\$0.25	\$0.25	\$0.27
310 Van	\$23.30	\$0.31	\$0.32	\$0.34
410 Utility	\$19.00	\$0.40	\$0.41	\$0.43
610 1/2 Ton Pickup	\$17.80	\$0.50	\$0.52	\$0.55
710 3/4 Ton Pickup	\$17.90	\$0.58	\$0.60	\$0.64
1 Ton	\$17.90	\$0.58	\$0.60	\$0.64

FY 2027 Vehicle Usage Rate				
<u>Vehicle Class</u>	<u>Assigned Cost Rate per Day:</u>	<u>Tier 1 \$4.50/gal</u>	<u>Tier 2 \$5.00/gal</u>	<u>Tier 3 \$5.50/gal</u>
210 Sedan	\$17.30	\$0.25	\$0.26	\$0.27
310 Van	\$23.40	\$0.32	\$0.33	\$0.35
410 Utility	\$19.80	\$0.40	\$0.41	\$0.44
610 1/2 Ton Pickup	\$18.40	\$0.51	\$0.53	\$0.56
710 3/4 Ton Pickup	\$18.40	\$0.59	\$0.61	\$0.65
1 Ton	\$18.40	\$0.59	\$0.61	

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Changes in Level of Fees and Charges

The assigned rate for vehicles in this fund has increased in order to recoup the cost of annual replacement vehicle purchases. The usage rate for vehicles in this fund has increased in order to recoup the increased cost of fuel. A decision package, PL911 was submitted to request the necessary funds to cover the increased cost to the programs.

Projected Fund Balance, Including Cash Fluctuations

At FYE 2024, the vehicle fleet fund had a cash balance of \$912,362 and the book value (original cost less accumulated depreciation) of the fleet was \$11,024,516. The fund's cash balance fluctuates during the year for two reasons. The first is that more miles are driven in the summer and fall than during the winter and spring. The second reason is that new vehicles are purchased in the spring. Thus, the cash balance is normally highest just before purchasing the replacement vehicles and lowest in the spring after purchasing the vehicles. The department was unable to purchase all requested replacement vehicles in FY 2022 and FY 2023 due to a supply shortage. The department reserved this cash balance until the purchase orders were fulfilled in FY 2024. All purchase orders have now been fulfilled and the department aims to resume regular cash balances in future years.

Working Capital and Fees Commensurate Analysis

The department attempts to manage this fund with a 60-day working capital Balance will be available when the cash balance is at its lowest level. Most replacement vehicles are purchased and received in the spring.

2027 Biennium Report on Internal Service and Enterprise Funds						
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Administration		
	Fund 06502	Fund Name FWP Fleet Fund				
	Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:						
Fee and Charges						
Fee Revenue A	4,180,561	4,205,049	6,441,977	6,441,977	7,951,829	8,130,552
Total Operating Revenues	4,180,561	4,205,049	6,441,977	6,441,977	7,951,829	8,130,552
Expenses:						
Personal Services	362,043	297,692	321,690	347,357	350,614	357,626
Other Operating Expenses	3,608,317	3,495,908	4,029,315	3,025,579	4,465,214	4,454,925
Expense B	-	-	-	1,380,000	3,210,000	3,318,000
Loans and Lease Payments	-	-	-	1,700,000	-	-
Total Operating Expenses	3,970,360	3,793,600	4,351,005	6,452,936	8,025,828	8,130,551
Operating Income (Loss)	210,201	411,449	2,090,972	(10,959)	(73,999)	1
Nonoperating Revenues:						
Other Revenue A	69,858	56	22,194	-	-	-
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)	69,858	56	22,194	-	-	-
Income (Loss) Before Contributions and Transfers	280,059	411,505	2,113,166	(10,959)	(73,999)	1
Change in Net Position	280,059	411,505	2,113,166	(10,959)	(73,999)	1
Beginning Net Position - July 1	7,362,701	7,642,760	8,054,265	10,167,431	10,156,472	10,082,473
Change in Net Position	280,059	411,505	2,113,166	(10,959)	(73,999)	1
Ending Net Position - June 30	7,642,760	8,054,265	10,167,431	10,156,472	10,082,473	10,082,474
Net Position (Fund Balance) Analysis						
Unrestricted Net Position	7,642,760	8,054,266	10,167,431	10,156,472	10,082,472	10,082,472

Fund 06540 - Aircraft Fund

Program Description

The department's aircraft fund provides specialized flying services using fixed-wing and helicopter aircraft to department employees to survey fish and wildlife, plant fish, monitor radio telemetry locations, etc. The users are department employees.

Revenues and Expenses

The Aircraft Fund charges a rate per hour by aircraft type for hours flown. The largest costs of the aircraft fleet are replacement aircraft, fuel, and repairs.

In FY 2024, the department flew approximately 2,154 hours in department aircraft. In FY 2024, the aircraft fleet generated \$1,336,802 in revenue. The department expects flight hours to remain steady for FY 2026 and FY 2027.

The aircraft unit has experienced an increase in the amount of time aircraft are grounded awaiting services such as repairs and routine maintenance when seeking these services in the private sector. The department requests to add 1.00 FTE aircraft mechanic to the aircraft unit in order to reduce the amount of time an aircraft is grounded for repairs or maintenance in order to better serve department employees.

Rates and Rate Explanation

The hourly rates requested are calculated to recoup the projected operating costs of the Aircraft Fund. The cost drivers for each rate includes fuel, repairs, supplies, rent, insurance, and other general operational costs as well as previously authorized loan payments for the purchase of replacement aircraft.

The executive proposes an increase to the Aircraft proprietary rates when compared to the FY 2025 base rates. The figure below shows the rates proposed by the executive for the 2027 biennium.

Aircraft Hourly Rate	Proposed FY 2026	Proposed FY 2027
Two place single-engine plane	\$454	\$558
Four place single-engine plane	\$454	\$558
Turbine helicopter	\$1,095	\$1,102

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Changes in Level of Fees and Charges

The anticipated increase in the hourly rates to the aircraft unit for FY 2026 and FY 2027 are due to routine aircraft inspections and repairs as well as the loan payments from the previous biennia for aircraft replacements. A decision package, PL912 was submitted to request the necessary funds to cover the increased cost to the programs.

Projected Fund Balance, Including Cash Fluctuations

The book value (original cost less accumulated depreciation) of department aircraft was \$2,722,120 at FYE 2024. The cash balance has fluctuated in the in the last four years as the department was preparing to make large purchases when replacing aircraft—the purchasing process for which is quite unique and time-sensitive—while also working to maintain an appropriate working capital balance and establishing loans for these large aircraft purchases to minimize sudden increased costs to the department's base programs.

Working Capital and Fees Commensurate Analysis

The department attempts to manage this account so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level. Cash balances fluctuate during the year for two reasons. Monthly flight hours vary due to optimum times to do species counts, and major repairs and scheduled maintenance occur sporadically throughout the year.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks			Program Name: Administration			
	Fund	Fund Name					
	06540	DFWP Aircraft					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		1,039,514	1,285,701	1,336,802	1,319,544	1,669,744	1,780,606
Total Operating Revenues							
		1,039,514	1,285,701	1,336,802	1,319,544	1,669,744	1,780,606
Expenses:							
Personal Services							
		-	-	-	-	90,639	90,639
Other Operating Expenses							
		989,204	1,062,892	1,384,153	1,318,338	996,377	1,107,605
Total Operating Expenses							
		989,204	1,062,892	1,384,153	1,318,338	1,087,016	1,198,244
Operating Income (Loss)							
		50,310	222,809	(47,351)	1,206	582,728	582,362
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A							
		20,573	28,126	118,293	609,967	581,921	581,921
Total Nonoperating Revenues (Expenses)							
		20,573	28,126	118,293	609,967	581,921	581,921
Income (Loss) Before Contributions and Transfers							
		70,883	250,935	70,942	611,173	1,164,649	1,164,283
Change in Net Position							
		70,883	250,935	70,942	611,173	1,164,649	1,164,283
Beginning Net Position - July 1							
		868,426	939,309	1,190,244	1,261,186	1,872,359	3,037,008
Change in Net Position							
		70,883	250,935	70,942	611,173	1,164,649	1,164,283
Ending Net Position - June 30							
		939,309	1,190,244	1,261,186	1,872,359	3,037,008	4,201,291
Net Position (Fund Balance) Analysis							
Unrestricted Net Position							
		898,163	1,092,846	927,202	318,441	319,248	319,690

Fund 06513 – FWP Maintenance Fund*Program Description*

The maintenance fund provides internal maintenance services to department-owned and/or maintained lands. This fund supports a total of 72.34 FTE and associated maintenance operations costs such as tools, supplies, and equipment.

The maintenance unit has experienced an increase in workload to address maintenance backlogs and implement more consistent routine and preventative maintenance activities on all department-owned and/or maintained lands. In the previous biennium the department added 7.58 modified FTE maintenance staff to meet this increased workload. The department requests to make these positions permanent as well as add 7.00 FTE in addition for a total increase of 14.58 FTE.

Revenues and Expenses

Revenue is generated from the hourly rate charged for hours worked performing maintenance at a department-maintained property. The expenses to this fund include personal services and operations costs such as tools, supplies, and equipment.

Rates and Rate Explanation

The hourly rate for maintenance services provided is billed to the corresponding program.

The executive proposes a decrease to the maintenance proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates proposed by the executive for the 2027 biennium.

Maintenance	FY 2025	Proposed FY 2026	Proposed FY 2027
Hourly Rate	\$78.50	\$76.50	\$76.50

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Changes in Level of Fees and Charges

This fund was approved by the legislature beginning in the 2025 Biennium. The department's rate for the 2025 Biennium included costs to establish a working capital balance for the fund. Now that the working capital balance is established, the department aims to maintain a sufficient fund balance in future years. This biennium the agency is proposing a reduction in the hourly rate to reflect this change.

Working Capital and Fees Commensurate Analysis

The department aims to maintain a 60-day working capital fund balance over the biennium and does not anticipate any large cash fluctuations from year to year.

Projected Fund Balance, Including Cash Fluctuations

The department attempts to manage this account so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level.

2027 Biennium Report on Internal Service and Enterprise Funds						
Agency # 52010	Agency Name: Department of Fish, Wildlife, and Parks		Program Name: Administration			
	Fund	Fund Name				
	06513	FWP Maintenance Fund				
			Actual FY22	Actual FY23	Actual FY24	Budgeted FY25
						Budgeted FY26
						Budgeted FY27
Operating Revenues:						
Fee and Charges			-	-	8,247,117	7,672,117
Fee Revenue A			-	-	8,247,117	8,501,675
Total Operating Revenues			-	-	8,247,117	7,672,117
Expenses:						
Personal Services			-	-	6,170,176	6,170,176
Other Operating Expenses			-	-	1,471,841	1,879,923
Total Operating Expenses			-	-	7,642,017	8,050,100
Operating Income (Loss)			-	-	605,100	622,017
Nonoperating Revenues:						
Nonoperating Expenses:						
Total Nonoperating Revenues (Expenses)			-	-	-	-
Income (Loss) Before Contributions and Transfers			-	-	605,100	622,017
Change in Net Position			-	-	605,100	622,017
Beginning Net Position - July 1			-	-	-	605,100
Change in Net Position			-	-	605,100	622,017
Ending Net Position - June 30			-	-	605,100	622,017
Net Position (Fund Balance) Analysis						
Unrestricted Net Position			-	-	605,099	621,999

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	0	0	551,466	0.00	0	0	0	566,665
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$551,466	0.00	\$0	\$0	\$0	\$566,665

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

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

DP 1 - Personal Services -

The executive proposes 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

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 915 - Fleet Proprietary Resources	1.00	0	0	0	71,397	1.00	0	0	0	71,397
DP 916 - Aircraft Proprietary Resources	1.00	0	0	0	86,436	1.00	0	0	0	86,436
DP 917 - Maintenance Proprietary Resources	14.58	0	0	0	803,026	14.58	0	0	0	805,952
Total	16.58	\$0	\$0	\$0	\$960,859	16.58	\$0	\$0	\$0	\$963,785

DP 915 - Fleet Proprietary Resources -

The executive proposes increases to the vehicle fleet proprietary program.

DP 916 - Aircraft Proprietary Resources -

The executive proposes increases to the aircraft proprietary program.

DP 917 - Maintenance Proprietary Resources -

The executive proposes increases to the maintenance proprietary program.

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	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	55.50	54.50	54.50	(1.00)	(0.9%)
Proprietary Funds	9,706,865	9,967,209	9,905,297	458,776	2.4%
Total Funds	9,706,865	9,967,209	9,905,297	458,776	2.4%
Personal Services	5,394,874	5,346,091	5,357,276	(86,381)	(0.8%)
Operating Expenses	4,003,552	4,312,679	4,239,582	545,157	6.8%
Equipment & Intangible Assets	119,739	119,739	119,739		0.0%
Transfers	5,000	5,000	5,000		0.0%
Debt Service	183,700	183,700	183,700		0.0%
Total Expenditures	9,706,865	9,967,209	9,905,297	458,776	2.4%
Total Ongoing	9,706,865	9,967,209	9,905,297	458,776	2.4%
Total One-Time-Only					0.0%

Agency Highlights

Department of Environmental Quality	
Major Budget Highlights	
The department non-budgeted proprietary funding increased by about \$485,800 compared to the base budget. Increases include:	
<ul style="list-style-type: none"> Statewide present law adjustments: \$670,900 Information Technology Services Consolidation (Reduction): \$212,100 	

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.

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	0	0	0	9,706,865	97.4%	0	0	0	9,706,865	98.0%
Statewide PL										
Personal Services	0	0	0	57,262	0.6%	0	0	0	68,448	0.7%
Fixed Costs	0	0	0	309,509	3.1%	0	0	0	236,288	2.4%
Inflation Deflation	0	0	0	(382)	(0.0%)	0	0	0	(258)	(0.0%)
Total Statewide PL	0	0	0	366,389	3.7%	0	0	0	304,478	3.1%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	(106,045)	(1.1%)	0	0	0	(106,046)	(1.1%)
Total Adjustments	0	0	0	260,344	2.6%	0	0	0	198,432	2.0%
Total Requested Budget	0	0	0	9,967,209		0	0	0	9,905,297	

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	55.50	55.50	54.50	54.50
Personal Services	4,474,461	5,145,785	5,394,874	5,346,091	5,357,276
Operating Expenses	2,404,344	3,798,246	4,003,552	4,312,679	4,239,582
Equipment & Intangible Assets	13,720	119,739	119,739	119,739	119,739
Transfers	0	5,000	5,000	5,000	5,000
Debt Service	687,652	183,700	183,700	183,700	183,700
Total Expenditures	\$7,580,177	\$9,252,470	\$9,706,865	\$9,967,209	\$9,905,297
Proprietary Funds	7,580,177	9,252,470	9,706,865	9,967,209	9,905,297
Total Funds	\$7,580,177	\$9,252,470	\$9,706,865	\$9,967,209	\$9,905,297
Total Ongoing	\$7,580,177	\$9,252,470	\$9,706,865	\$9,967,209	\$9,905,297
Total OTO	\$0	\$0	\$0	\$0	\$0

Proprietary Program Description

The Central Services Division is funded with a non-budgeted proprietary fund. The legislature does not appropriate funds but rather approves rates for the proprietary fund. The Department of Environmental Quality (DEQ) indirect fund supports common functions across DEQ, including administration, human resources, and information technology. In this regard, the indirect fund can be thought of as the "overhead" of DEQ.

Revenues and Expenses

The fund is supported by a charge against other divisions of DEQ. The percentage of the charge is approved by the United States Environmental Protection Agency.

Rate(s) and Rate Explanation

The rate being requested is a fixed rate that will not exceed 28% of the personal services base. This rate structure has been effective in providing the needed revenue to the internal service fund to provide services to all of the programs.

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 53010	Agency Name: Department of Environmental Quality			Program Name: Central Management Program			
	Fund 06509	Fund Name DEQ Indirects					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A		5,259,538	5,371,713	5,144,077	5,896,400	5,896,400	5,896,400
Fee Revenue B		2,615,685	2,676,172	3,491,653	2,989,355	2,989,355	2,989,355
Other Operating Revenue		-	-	-	2,500	2,500	2,500
Total Operating Revenues		7,875,223	8,047,885	8,635,730	8,888,255	8,888,255	8,888,255
Expenses:							
Personal Services		4,155,233	4,253,533	4,384,765	4,003,552	4,143,566	4,065,359
Other Operating Expenses		3,919,127	3,209,895	3,057,755	4,003,552	4,143,566	4,065,359
Expense B		-	57,057	52,475	183,700	183,700	183,700
Expense C		492,219	(20,245)	51,757	683,700	683,700	683,700
Total Operating Expenses		8,566,579	7,500,240	7,546,752	8,874,504	9,154,532	8,998,118
Operating Income (Loss)		(691,356)	547,645	1,088,978	13,751	(266,277)	(109,863)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		(691,356)	547,645	1,088,978	13,751	(266,277)	(109,863)
Transfers Out							
Change in Net Position		(691,356)	569,088	1,088,978	18,751	(261,277)	(104,863)
Beginning Net Position - July 1		(21,574)	(712,930)	(143,842)	945,136	963,887	702,610
Change in Net Position		(691,356)	569,088	1,088,978	18,751	(261,277)	(104,863)
Ending Net Position - June 30		(712,930)	(143,842)	945,136	963,887	702,610	597,747
Net Position (Fund Balance) Analysis							

Changes in Level of Fees and Charges

The percentage has remained the same. However, the percentage split has changed from 24% personal services base, 4% operating services base to 28% personal services base.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

The agency expended 81.9% of the FY 2024 budget, leaving \$1.7 million unexpended. Unexpended budget categories include:

- Personal services: \$671,300
- Operating expense: \$1.4 million
- Debt service was over expended: \$504,000
- Other categories: \$124,700

FY 2024 Appropriations Compared to FY 2025 Appropriations

The budget for personal services and operating expense combined increase by 4.9% or \$454,400 in FY 2025 compared to FY 2024.

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	0	0	57,262	0.00	0	0	0	68,448	
DP 2 - Fixed Costs										
0.00	0	0	0	309,509	0.00	0	0	0	236,288	
DP 3 - Inflation Deflation										
0.00	0	0	0	(382)	0.00	0	0	0	(258)	
Grand Total All Present Law Adjustments										
0.00	\$0	\$0	\$0	\$366,389	0.00	\$0	\$0	\$0	\$304,478	

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

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

DP 1 - Personal Services -

The executive proposes 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

DP 2 - Fixed Costs -

The executive proposes 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 proposes 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 10100 - ITSD Security Consolidation										
(1.00)	0	0	0	(106,045)	(1.00)	0	0	0	(106,046)	
Total	(1.00)	\$0	\$0	\$0	(1.00)	\$0	\$0	\$0	\$0	(\$106,046)

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

DP 10100 - ITSD Security Consolidation -

The executive proposes a reduction of 1.00 PB from Central Management Program (CMP) as part of security consolidation efforts across the Executive Branch.

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

Agency Base Budget Comparison					
Budget Item	Base Budget FY 2025	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base Amount	Percent
PB	132.50	135.50	135.50	3.00	1.1%
Proprietary Funds	48,869,640	60,115,286	60,116,281	22,492,287	23.0%
Total Funds	48,869,640	60,115,286	60,116,281	22,492,287	23.0%
Personal Services	12,149,765	12,316,082	12,342,184	358,736	1.5%
Operating Expenses	20,683,545	23,762,874	23,737,767	6,133,551	14.8%
Equipment & Intangible Assets	15,916,881	23,916,881	23,916,881	16,000,000	50.3%
Debt Service	119,449	119,449	119,449		0.0%
Total Expenditures	48,869,640	60,115,286	60,116,281	22,492,287	23.0%
Total Ongoing	48,869,640	60,115,286	60,116,281	22,492,287	23.0%
Total One-Time-Only					0.0%

Agency Highlights

Department of Transportation Major Budget Highlights

The Montana Department of Transportation's (MDT) 2027 biennium non-budgeted proprietary appropriations are approximately \$22.5 million or 23.0% higher than the FY 2025 base budget. Significant changes include:

- Statewide present law adjustments totaling (\$730,765) for the biennium These include:
 - DP 1 - Personal services: (\$195,586)
 - DP 2 - Fixed costs: (\$535,053)
 - DP 3 - Inflation/Deflation: (\$126)
- Present law increases totaling \$22.7 million for the biennium. Major changes include:
 - DP 805 – Equipment replacement purchases: \$16.0 million
 - DP 808 – Equipment Repair Increase: \$6.7 million
- New proposals totaling \$568,722 for the biennium, an increase of 3.00 PB. Details of major changes include:
 - Equipment program
 - An increase of 3.00 PB and associated pay and benefits for traveling mechanic

Executive Request

Office of the Department of Transportation 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	0	0	48,869,640	80.2%	0	0	0	48,869,640	80.2%
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	(371,580)	(0.6%)	0	0	0	(359,185)	(0.6%)
Present Law (PL)	0	0	0	12,127,165	19.9%	0	0	0	12,127,165	19.9%
New Proposals	0	0	0	290,061	0.5%	0	0	0	278,661	0.5%
Total HB 2 Adjustments	0	0	0	12,045,646	19.8%	0	0	0	12,046,641	19.8%
Total Requested Budget	0	0	0	60,915,286		0	0	0	60,916,281	

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
06508 Highway Equipment - Int Svc.			105,326,547		105,326,547	38.8%
06506 Motor Pool - Int Svc			15,460,192		15,460,192	5.7%
06007 Yellowstone Airport			1,044,828		1,044,828	0.4%
Proprietary Fund Total	-	-	121,831,567	-	121,831,567	44.9%
Total of All Funds	-	-	121,831,567	149,668,156	271,499,723	
Percent of All Sources of Authority	0.0%	0.0%	44.9%	55.1%		

Non-Budgeted Proprietary Funds

The Motor Pool is funded with an internal service fund, which is a type of proprietary fund. Since all agencies in state government utilize motor pool, the legislature approves the maximum rate the program may charge agencies during the biennium. They are not the rates the program must charge.

The Equipment Program is also an internal service fund but as it only serves MDT, the rates are not required to be approved by the legislature. However, the 60-day working capital reserve must be approved by the legislature and then is included in section R of HB 2.

The Yellowstone Airport is discussed in the Aeronautics program.

Program Base Budget Comparison

Program Base Budget Comparison						
Budget Item	Base Budget FY 2025	Requested Budget FY 2026	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	7.00	7.00	7.00	0.00	0.0%	
Proprietary Funds	7,017,678	6,932,413	6,927,779	(175,164)	(1.2%)	
Total Funds	7,017,678	6,932,413	6,927,779	(175,164)	(1.2%)	
Personal Services	623,178	619,434	620,621	(6,301)	(0.5%)	
Operating Expenses	2,473,298	2,391,777	2,385,956	(168,863)	(3.4%)	
Equipment & Intangible Assets	3,801,753	3,801,753	3,801,753		0.0%	
Debt Service	119,449	119,449	119,449		0.0%	
Total Expenditures	7,017,678	6,932,413	6,927,779	(175,164)	(1.2%)	
Total Ongoing	7,017,678	6,932,413	6,927,779	(175,164)	(1.2%)	
Total One-Time-Only					0.0%	

Program Highlights

State Motor Pool Major Budget Highlights	
<p>The State Motor Pool 2027 biennium non-budgeted proprietary appropriations are \$175,164 or 1.2% lower than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> The motor pool rates proposed by the executive are lower than the previous biennium due to a decrease in fuel prices <ul style="list-style-type: none"> Although the usage rate has declined due to fuel price changes, the assigned rate rose due to increases in vehicle purchase prices. Rates have decreased overall Increased vehicle purchase prices are reflected in increased operating costs Statewide present law adjustments total (\$175,164) for the biennium <ul style="list-style-type: none"> DP 1 - Personal Services: (\$6,301) DP 2 - Fixed Costs (\$168,863) 	

Executive Request

State Motor Pool 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	0	0	7,017,678	90.8%	0	0	0	7,017,678	90.8%
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	(85,265)	(1.1%)	0	0	0	(89,899)	(1.2%)
Present Law (PL)	0	0	0	800,000	10.3%	0	0	0	800,000	10.4%
New Proposals	0	0	0	0	0.0%	0	0	0	0	0.0%
Total HB 2 Adjustments	0	0	0	714,735	9.2%	0	0	0	710,101	9.2%
Total Requested Budget	0	0	0	7,732,413		0	0	0	7,727,779	

Funding

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

Department of Transportation, 07-State Motor Pool 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%
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
06506 Motor Pool - Int Svc	0	0	15,460,192	0	15,460,192	100.0%
Proprietary Total	\$0	\$0	\$15,460,192	\$0	\$15,460,192	100.0%
Total All Funds	\$0	\$0	\$15,460,192	\$0	\$15,460,192	

Non-Budgeted Proprietary Funds

Funding for the state motor pool is generated through rental and lease fees charged to the state agencies, which are deposited in a proprietary fund.

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
FTE	0.00	7.00	7.00	7.00	7.00
Personal Services	612,549	614,731	623,178	619,434	620,621
Operating Expenses	2,953,741	2,992,846	2,473,298	3,191,777	3,185,956
Equipment & Intangible Assets	4,815,977	4,816,753	3,801,753	3,801,753	3,801,753
Debt Service	416,498	454,449	119,449	119,449	119,449
Total Expenditures	\$8,798,765	\$8,878,779	\$7,017,678	\$7,732,413	\$7,727,779
Proprietary Funds	8,798,765	8,878,779	7,017,678	7,732,413	7,727,779
Total Funds	\$8,798,765	\$8,878,779	\$7,017,678	\$7,732,413	\$7,727,779
Total Ongoing	\$8,798,765	\$8,878,779	\$7,017,678	\$7,732,413	\$7,727,779
Total OTO	\$0	\$0	\$0	\$0	\$0

Proprietary Program Description

The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees who conduct official state business. The State Motor Pool has two basic components: 1) the daily rental fleet and 2) the out-stationed lease fleet. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment to agencies statewide.

Section 2-17-411, MCA, establishes that the Department of Transportation's Motor Pool is responsible for the acquisition, operations, maintenance, repair, and administration of all motor vehicles in the custody of the Motor Pool (this does not apply to motor vehicles used in the service of the Governor, Attorney General, or the highway patrol).

Use of the program is optional to agencies when personnel are required to travel by vehicle for official state business but is encouraged in the Montana Operations Manual (MOM). Other options for state employees are: 1) other state-owned vehicles not part of the State Motor Pool fleet; 2) personal vehicles, with authorization provided by the agency director; or 3) vehicles from a private rental agency contract. The rate for the use of personal vehicles for state business travel are set by the Internal Revenue Service for the current year if the State employee qualifies according to the conditions as discussed in the Employee Travel policy of the MOM manual.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

Appropriations for FY 2024 were 99.1% expended.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall appropriations for FY 2025 are 21.0% or \$1.9 million below FY 2024 appropriations. The main difference is in equipment and intangible assets which is \$1.0 million lower in FY 2025 than FY 2024. The program currently plans to spend \$3.8 million on auto purchases in FY 2025, the same amount as FY 2023. Other differences include debt service which is 73.7% or \$335,000 lower in FY 2025. Operating expenses in FY 2025 are 17.4% or \$519,548 lower in FY 2025. In FY 2024 aircraft repairs and other expenses were performed that are not expected in FY 2025.

Motor Pool Program - 06506*Proprietary Program Revenues and Expenses*

Program revenues are generated through vehicle rental fees charged to the state agencies. Vehicle rental fees come from two service classes: 1) short-term rentals; and 2) long-term leases. On occasion, the program receives revenues resulting from the sale of surplus property and accident damages reimbursed by private individuals or insurance companies.

Proprietary Rates

As shown in the figure, the State Motor Pool rental rates are based on a dual rate structure. Users pay a usage rate and an assigned rate. The usage rate is charged for actual miles driven and allows the program to recover costs directly related to the operation of the vehicle, such as repairs, parts, fuel, lubricants, and tires. The assigned rate is charged for hours the vehicle was used and allows the program to cover fixed costs associated with state ownership, such as insurance, interest payments on BOI loans, depreciation, and utilities. The dual rate structure provides: 1) more stable revenue to make loan payments and other cost obligations; and 2) equity among all vehicle classes so that one vehicle class does not subsidize another vehicle class. The rates approved by the legislature are the maximum the program may charge during the biennium, not the rates the program must charge. When approved by the Legislature, the rates are included in HB 2, Section R.

Proposed Motor Pool Rates									
Class	FY 2026				Class	FY2027			
	Assigned Rate	Usage Rate				Assigned Rate	Usage Rate		
		3.47/gal	3.97/gal	4.47/gal			3.47/gal	3.97/gal	4.47/gal
02	1.361	0.181	0.202	0.223	02	1.432	0.181	0.202	0.223
04	1.283	0.279	0.311	0.343	04	1.607	0.281	0.312	0.344
05	1.292	0.137	0.152	0.166	05	1.390	0.132	0.146	0.160
06	1.004	0.184	0.204	0.225	06	1.025	0.186	0.206	0.226
07	0.528	0.291	0.322	0.354	07	0.531	0.317	0.349	0.380
11	1.911	0.257	0.289	0.321	11	1.884	0.257	0.289	0.321
12	1.161	0.238	0.264	0.290	12	1.236	0.239	0.265	0.292

Proposed Beechcraft King Air Rental Rate
(Cost per flight hour)

FY 2024

FY 2025

1,487.61

1,538.66

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-----				
	FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(3,744)	0.00	0	0	0	(2,557)
DP 2 - Fixed Costs	0.00	0	0	0	(81,521)	0.00	0	0	0	(87,342)
DP 705 - Operations Budget Increase	0.00	0	0	0	800,000	0.00	0	0	0	800,000
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$714,735	0.00	\$0	\$0	\$0	\$710,101

***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 budget includes adjustments to the present law personal services budget. This 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

DP 2 - Fixed Costs -

The executive budget includes 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 705 - Operations Budget Increase -

This change will increase the operations budget for the program in order to cover increases in the cost of repair parts and services to the motor pool fleet.

Program Base Budget Comparison

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
FTE	123.00	126.00	126.00	3.00	1.2%
Proprietary Funds	41,327,344	52,660,703	52,665,844	22,671,859	27.4%
Total Funds	41,327,344	52,660,703	52,665,844	22,671,859	27.4%
Personal Services	11,270,287	11,440,980	11,465,690	366,096	1.6%
Operating Expenses	17,941,929	21,104,595	21,085,026	6,305,763	17.6%
Equipment & Intangible Assets	12,115,128	20,115,128	20,115,128	16,000,000	66.0%
Total Expenditures	41,327,344	52,660,703	52,665,844	22,671,859	27.4%
Total Ongoing	41,327,344	52,660,703	52,665,844	22,671,859	27.4%
Total One-Time-Only					0.0%

Program Highlights

Equipment Program Major Budget Highlights
<p>The Equipment Program's 2027 biennium non-budgeted proprietary appropriations are approximately \$22.7 million or 27.4% higher than the FY 2025 base budget. Significant changes include:</p> <ul style="list-style-type: none"> Statewide present law adjustments total (\$551,193) for the biennium, 100% proprietary <ul style="list-style-type: none"> DP 1 - Personal services: (\$188,226) DP 2 - Fixed costs: (\$362,841) DP 3 - Inflation/deflation: (\$126) Present law adjustments total \$22.7 million, 100% proprietary <ul style="list-style-type: none"> DP 805 - Equipment replacement purchases: \$16.0 million DP 808 - Equipment repair increase: \$6.7 million New proposal adjustments total \$568,722 and 3.00 PB <ul style="list-style-type: none"> DP 809 - Traveling Mechanics: \$568,722 and 3.00 PB to replace modified positions with permanent funding for PB

Executive Request

Equipment 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	0	0	41,327,344	78.5%	0	0	0	41,327,344	78.5%
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	(283,867)	(0.5%)	0	0	0	(267,326)	(0.5%)
Present Law (PL)	0	0	0	11,327,165	21.5%	0	0	0	11,327,165	21.5%
New Proposals	0	0	0	290,061	0.6%	0	0	0	278,661	0.5%
Total HB 2 Adjustments	0	0	0	11,333,359	21.5%	0	0	0	11,338,500	21.5%
Total Requested Budget	0	0	0	52,660,703		0	0	0	52,665,844	

Funding

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

Department of Transportation, 08-Equipment 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%
State Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
06508 Highway Equipment - Int Svc.	0	0	105,326,547	0	105,326,547	100.0%
Proprietary Total	\$0	\$0	\$105,326,547	\$0	\$105,326,547	100.0%
Total All Funds	\$0	\$0	\$105,326,547	\$0	\$105,326,547	

Non-Budgeted Proprietary Funds

Funding for the Equipment Program is generated through user fees charged to programs and divisions in MDT, which are deposited in a proprietary fund. The source for the majority of funding for this program are state special funds, this is because the Maintenance Program is the primary customer of the Equipment Program.

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
FTE	0.00	123.00	123.00	126.00	126.00
Personal Services	10,686,489	10,746,310	11,270,287	11,440,980	11,465,690
Operating Expenses	18,743,543	18,740,225	17,941,929	21,104,595	21,085,026
Equipment & Intangible Assets	10,596,111	10,865,128	12,115,128	20,115,128	20,115,128
Total Expenditures	\$40,026,143	\$40,351,663	\$41,327,344	\$52,660,703	\$52,665,844
Proprietary Funds	40,026,143	40,351,663	41,327,344	52,660,703	52,665,844
Total Funds	\$40,026,143	\$40,351,663	\$41,327,344	\$52,660,703	\$52,665,844
Total Ongoing	\$40,026,143	\$40,351,663	\$41,327,344	\$52,660,703	\$52,665,844
Total OTO	\$0	\$0	\$0	\$0	\$0

Proprietary Program Description

The Equipment Program is responsible for the acquisition, repair, maintenance, and disposal of a fleet of approximately 4,700 individual units. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. Exclusively the various programs within the Montana Department of Transportation (MDT), such as Construction, Motor Carrier Services, Maintenance, and Rail, Transit and Planning use the fleet. All units are assigned to the various user programs and are charged rental on a bi-weekly basis. Alternate sources for vehicles and equipment include renting heavy equipment from a rental company and renting or leasing light duty vehicles from a private rental agency contract.

The Equipment Program is funded under the rules and guidelines of HB 576. No specific statutory authority is established for the program as the program is strictly internal to the Department of Transportation and is not used by any outside entity.

FY 2024 Appropriation Compared to FY 2024 Actual Expenditures

Appropriations for FY 2024 were 99.2% expended.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Overall appropriations for FY 2025 are 2.4% or approximately \$1.0 million greater than FY 2024. The primary increase was in equipment and intangible assets which is 11.5% greater in FY 2025 due to equipment purchases and major maintenance. Personal services is 4.9% higher due to pay plan increases.

Equipment Program – 06508

Proprietary Program Revenues and Expenses

The following table shows the actual and projected expenditures and related revenues associated with this fund.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 54010	Agency Name: Department of Transportation			Program Name: Equipment Program			
	Fund 06508	Fund Name Highway Equipment - Int Svc.					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A		32,075,096	38,830,064	44,206,682	40,339,553	52,660,703	52,665,844
Total Operating Revenues		32,075,096	38,830,064	44,206,682	40,339,553	52,660,703	52,665,844
Expenses:							
Personal Services		8,804,818	10,111,236	10,483,695	11,270,287	11,440,980	11,465,690
Other Operating Expenses		25,328,277	28,702,812	25,861,279	30,057,057	41,219,723	41,200,154
Total Operating Expenses		34,133,095	38,814,048	36,344,974	41,327,344	52,660,703	52,665,844
Operating Income (Loss)		(2,057,999)	16,016	7,861,708	(987,791)	-	-
Nonoperating Revenues:							
Other Revenue A		2,474,991	2,262,039	2,225,567	-	-	-
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		2,474,991	2,262,039	2,225,567	-	-	-
Income (Loss) Before Contributions and Transfers		416,992	2,278,055	10,087,275	(987,791)	-	-
Change in Net Position		416,992	2,278,055	10,087,275	(987,791)	-	-
Beginning Net Position - July 1		78,750,077	79,167,069	81,445,124	91,532,399	90,544,608	90,544,608
Change in Net Position		416,992	2,278,055	10,087,275	(987,791)	-	-
Ending Net Position - June 30		79,167,069	81,445,124	91,532,399	90,544,608	90,544,608	90,544,608
Net Position (Fund Balance) Analysis							

Expenses

Program costs for FY 2024 include:

- Personal services for 123.00 PB of \$10.5 million or 26.7% of total expenditures
- Operating expenses of \$18.4 million or 46.9% of total expenditures
- Equipment and intangible assets of \$10.6 million for repairs and purchases, 26.5% of total expenditures

Changes between the 2025 biennium budget and the 2027 biennium budget include:

- Personal services – projected to increase by 1.6% and 3.00 PB
- Operating expenses – projected to increase by 17.6%
- Equipment purchases – projected to increase by 66% or \$16.0 million

Revenues

Revenue is generated through the vehicle/equipment rental fees, from the gain on sale of surplus assets, and from reimbursements from accidents caused by an outside party. Revenues for the fleet are functionally tied to the severity of the winter, construction program workload and travel requirements of the various department users. The rental rates will be set to recover revenue to meet the program's obligations.

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-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services									
0.00	0	0	0	(106,468)	0.00	0	0	0	(81,758)
DP 2 - Fixed Costs									
0.00	0	0	0	(177,324)	0.00	0	0	0	(185,517)
DP 3 - Inflation Deflation									
0.00	0	0	0	(75)	0.00	0	0	0	(51)
DP 805 - Equipment Replacement Purchases									
0.00	0	0	0	8,000,000	0.00	0	0	0	8,000,000
DP 808 - Equipment Repair Increase									
0.00	0	0	0	3,327,165	0.00	0	0	0	3,327,165
Grand Total All Present Law Adjustments									
0.00	\$0	\$0	\$0	\$11,043,298	0.00	\$0	\$0	\$0	\$11,059,839

*"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 budget includes adjustments to the present law personal services budget. This 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 2023 biennium

DP 2 - Fixed Costs -

The executive budget includes 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 budget includes 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 805 - Equipment Replacement Purchases -

The executive budget includes an adjustment to replace equipment and vehicles.

DP 808 - Equipment Repair Increase -

The executive budget includes an adjustment due to the increase of cost in repair for aging vehicles and equipment.

New Proposals

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

New Proposals										
	Fiscal 2026					Fiscal 2027				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 809 - Traveling Mechanics	3.00	0	0	0	290,061	3.00	0	0	0	278,661
Total	3.00	\$0	\$0	\$0	\$290,061	3.00	\$0	\$0	\$0	\$278,661

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

DP 809 - Traveling Mechanics -

The executive budget includes an increase in the equipment proprietary fund appropriation for FY 2026 and FY 2027 in order to convert three modified positions to permanently funded PB.

Program Base Budget Comparison

Program Base Budget Comparison					
Budget Item	Base Budget FY 2025	Requested Budget FY 2026 FY 2027		Biennium Change from Base Amount Percent	
FTE	2.50	2.50	2.50	0.00	0.0%
Proprietary Funds	524,618	522,170	522,658	(4,408)	(0.4%)
Total Funds	524,618	522,170	522,658	(4,408)	(0.4%)
Personal Services	256,300	255,668	255,873	(1,059)	(0.2%)
Operating Expenses	268,318	266,502	266,785	(3,349)	(0.6%)
Total Expenditures	524,618	522,170	522,658	(4,408)	(0.4%)
Total Ongoing	524,618	522,170	522,658	(4,408)	(0.4%)
Total One-Time-Only					0.0%

Program Highlights

Aeronautics Program Major Budget Highlights	
<p>The Aeronautics Program's 2027 biennium non-budgeted 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

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	0	0	524,618	100.5%	0	0	0	524,618	100.4%
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	(2,448)	(0.5%)	0	0	0	(1,960)	(0.4%)
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	(2,448)	(0.5%)	0	0	0	(1,960)	(0.4%)
Total Requested Budget	0	0	0	522,170		0	0	0	522,658	

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%
02287 Aeronautical Grant Account	0	0	0	5,799,882	5,799,882	100.0%
State Special Total	\$0	\$0	\$0	\$5,799,882	\$5,799,882	84.7%
Federal Special Total	\$0	\$0	\$0	\$0	\$0	0.0%
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	15.3%
Total All Funds	\$0	\$0	\$1,044,828	\$5,799,882	\$6,844,710	

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 06007	Fund Name 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	90,750	31,390,198	-	-	-
		1,796,448	111,072	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
FTE	0.00	2.50	2.50	2.50	2.50
Personal Services	84,533	245,219	256,300	255,668	255,873
Operating Expenses	128,882	240,282	268,318	266,502	266,785
Equipment & Intangible Assets	24,187	25,269	0	0	0
Total Expenditures	\$237,602	\$510,770	\$524,618	\$522,170	\$522,658
Proprietary Funds	237,602	510,770	524,618	522,170	522,658
Total Funds	\$237,602	\$510,770	\$524,618	\$522,170	\$522,658
Total Ongoing	\$237,602	\$510,770	\$524,618	\$522,170	\$522,658
Total OTO	\$0	\$0	\$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 46.5% of its FY 2024 non-budgeted appropriation. The personal services appropriation of \$245,219 was 34.5% expended, most of the personal services recently has recently been covered with federal CARES Act Operating and Maintenance (O and M) funds rather than planned proprietary funding. The operating expense budget was 53.6% expended for similar reasons.

FY 2024 Appropriations Compared to FY 2025 Appropriations

The FY 2025 appropriation is 2.7% greater than the FY 2024 appropriation. The main difference is that there are no planned equipment purchases 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				
FTE	General Fund	State Special	Federal Special	Total Funds		FTE	General Fund	State Special	Federal Special	Total Funds
DP 1 - Personal Services	0.00	0	0	0	(632)	0.00	0	0	0	(427)
DP 2 - Fixed Costs	0.00	0	0	0	(1,816)	0.00	0	0	0	(1,533)
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	(\$2,448)	0.00	\$0	\$0	\$0	(\$1,960)

***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

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.

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	Budget FY 2027	Biennium Change from Base		
				Amount	Percent	
PB	4.75	4.75	4.75	0.00	0.0%	
Proprietary Funds	1,484,700	1,704,989	1,704,806	440,395	14.8%	
Total Funds	1,484,700	1,704,989	1,704,806	440,395	14.8%	
Personal Services	365,429	369,695	370,122	8,959	1.2%	
Operating Expenses	992,529	1,208,552	1,207,942	431,436	21.7%	
Equipment & Intangible Assets	126,742	126,742	126,742		0.0%	
Total Expenditures	1,484,700	1,704,989	1,704,806	440,395	14.8%	
Total Ongoing	1,484,700	1,704,989	1,704,806	440,395	14.8%	
Total One-Time-Only					0.0%	

Agency Highlights

Department of Livestock Major Budget Highlights	
The executive proposes an increase of 14.8% or 440,400 in non-budgeted proprietary authority including:	
<ul style="list-style-type: none"> Statewide present law adjustments: \$20,400 Laboratory operations augment: \$420,000 	

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 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	0	0	0	1,484,700	87.1%	0	0	0	1,484,700	87.1%
Statewide PL										
Personal Services	0	0	0	4,266	0.3%	0	0	0	4,693	0.3%
Fixed Costs	0	0	0	6,023	0.4%	0	0	0	5,413	0.3%
Inflation Deflation	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Statewide PL	0	0	0	10,289	0.6%	0	0	0	10,106	0.6%
Present Law (PL)	0	0	0	0	0.0%	0	0	0	0	0.0%
New Proposals	0	0	0	210,000	12.3%	0	0	0	210,000	12.3%
Total HB 2 Adjustments	0	0	0	220,289	12.9%	0	0	0	220,106	12.9%
Total Requested Budget	0	0	0	1,704,989		0	0	0	1,704,806	

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%		

Non-budgeted proprietary funds are generated from fees for service at the Montana Veterinary Diagnostic Laboratory. For descriptions of other funds shown in the table, refer to the 2027 Biennium HB 2 budget analysis.

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	4.75	4.75	4.75	4.75
Personal Services	339,751	346,172	365,429	369,695	370,122
Operating Expenses	956,739	957,845	992,529	1,208,552	1,207,942
Equipment & Intangible Assets	22,163	126,742	126,742	126,742	126,742
Total Expenditures	\$1,318,653	\$1,430,759	\$1,484,700	\$1,704,989	\$1,704,806
Proprietary Funds	1,318,653	1,430,759	1,484,700	1,704,989	1,704,806
Total Funds	\$1,318,653	\$1,430,759	\$1,484,700	\$1,704,989	\$1,704,806
Total Ongoing	\$1,318,653	\$1,430,759	\$1,484,700	\$1,704,989	\$1,704,806
Total OTO	\$0	\$0	\$0	\$0	\$0

Program Description

The Montana Veterinary Diagnostic Laboratory (MVDL) is the only accredited, full-service veterinary laboratory in Montana. The division provides disease diagnostic support to veterinarians, livestock producers, companion animal owners, and the Department of Fish, Wildlife, & Parks as well as other state and federal agencies. The division provides laboratory support to the department's Animal Health and Food Safety Division and helps protect public health by testing dairy products and testing for zoonotic diseases. The laboratory is a member and participant of the National Animal Health Laboratory Network established to provide laboratory diagnostic support in the event of a local, regional, or national animal disease emergency.

Revenues and Expenses

Lab testing fees and charges for services collected from veterinarians and other users/customers of the lab make up the total proprietary fund revenue for the MVDL program. Proprietary funds from lab operations support about forty percent of all lab operations including 4.75 staff positions (\$370,000) and \$1,200,000 in related testing expenses. The balance of revenue and expenses are budgeted in general fund and state special revenue funds. The lab in FY 2024 generated \$1,528,468 in proprietary revenue. Outside of inflationary adjustments, there are no major expected changes in services or fees from lab operations.

Rate(s) and Rate Explanation

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Lab fee rates are predominately set by the industry across the nation. The current MVDL fee schedule can be found at: <https://liv.mt.gov/Diagnostic-Lab/Guidance-Documents-and-Test-Fees>

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 56030	Agency Name: Department of Livestock			Program Name: Animal Health Division			
	Fund 06026	Fund Name MT Veterinary Diagnostic Lab					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A		1,528,396	1,551,505	1,525,353	1,700,000	1,700,000	1,700,000
Fee Revenue B		2,139	4,216	3,115	4,000	4,000	4,000
Total Operating Revenues		1,530,535	1,555,721	1,528,468	1,704,000	1,704,000	1,704,000
Expenses:							
Personal Services							
Other Operating Expenses		(1,232,831)	(1,198,483)	(990,819)	(992,529)	(1,203,961)	(1,203,539)
Expense B		-	-	-	(126,742)	(126,742)	(126,742)
Total Operating Expenses		(1,470,391)	(1,536,558)	(1,342,656)	(1,484,700)	(1,700,399)	(1,700,403)
Operating Income (Loss)		3,000,926	3,092,279	2,871,124	3,188,700	3,404,399	3,404,403
Nonoperating Revenues:							
Nonoperating Expenses:							
Other Expense A		(21,380)	-	-	-	-	-
Total Nonoperating Revenues (Expenses)		(21,380)	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		2,979,546	3,092,279	2,871,124	3,188,700	3,404,399	3,404,403
Change in Net Position		2,979,546	3,092,279	2,871,124	3,188,700	3,404,399	3,404,403
Beginning Net Position - July 1		324,362	3,303,908	6,396,187	9,288,691	12,477,391	15,881,790
Prior Period Adjustments		-	-	21,380	-	-	-
Change in Net Position		2,979,546	3,092,279	2,871,124	3,188,700	3,404,399	3,404,403
Ending Net Position - June 30		3,303,908	6,396,187	9,288,691	12,477,391	15,881,790	19,286,193
Net Position (Fund Balance) Analysis							
Restricted Net Pos(Enterprise Fund Only)		363,127	382,291	589,482	808,782	812,384	815,981

FY 2024 Appropriations Compared to FY 2024 expenditures.

The agency expended 92.2% for the FY 2024 budget.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Non-budgeted authority increased by 3.8% or \$53,900 between FY 2025 and FY 2024. Authority for operations increased by 3.6% or about \$34,700 and personal services increased by 5.6% or about \$19,300.

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	0	0	4,266	0.00	0	0	0	4,693
DP 2 - Fixed Costs	0.00	0	0	0	6,023	0.00	0	0	0	5,413
DP 3 - Inflation Deflation	0.00	0	0	0	0	0.00	0	0	0	0
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$10,289	0.00	\$0	\$0	\$0	\$10,106

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

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

DP 1 - Personal Services -

The executive proposes 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

DP 2 - Fixed Costs -

The executive proposes 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 proposes 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 47 - Laboratory Operations Augment	0.00	0	0	0	210,000	0.00	0	0	0	210,000
Total	0.00	\$0	\$0	\$0	\$210,000	0.00	\$0	\$0	\$0	\$210,000

DP 47 - Laboratory Operations Augment -

The executive proposes an increase for Animal Health Laboratory operations.

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 FY 2026		Biennium Change from Base Amount Percent	
PB	25.15	25.15	25.15	0.00	0.0%
Proprietary Funds	3,993,119	4,180,379	4,188,001	382,142	4.8%
Total Funds	3,993,119	4,180,379	4,188,001	382,142	4.8%
Personal Services	2,280,797	2,395,700	2,400,522	234,628	5.1%
Operating Expenses	1,654,822	1,727,179	1,729,979	147,514	4.5%
Equipment & Intangible Assets	57,500	57,500	57,500		0.0%
Total Expenditures	3,993,119	4,180,379	4,188,001	382,142	4.8%
Total Ongoing	3,993,119	4,180,379	4,188,001	382,142	4.8%
Total One-Time-Only					0.0%

Agency Highlights

Department of Natural Resources and Conservation
Major Budget Highlights
The Department of Natural Resources and Conservation's non-budgeted proprietary appropriations increased by about \$382,100 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.

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	0	0	0	3,993,119	95.5%	0	0	0	3,993,119	95.3%
Statewide PL										
Personal Services	0	0	0	114,903	2.7%	0	0	0	119,725	2.9%
Fixed Costs	0	0	0	72,380	1.7%	0	0	0	75,173	1.8%
Inflation Deflation	0	0	0	(23)	(0.0%)	0	0	0	(16)	(0.0%)
Total Statewide PL	0	0	0	187,260	4.5%	0	0	0	194,882	4.7%
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	0	0	187,260	4.5%	0	0	0	194,882	4.7%
Total Requested Budget	0	0	0	4,180,379		0	0	0	4,188,001	

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%		

Proprietary revenues are generated from two main sources: the sale of state nursery products and fees charged to other agencies for aircraft services.

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	25.15	25.15	25.15	25.15
Personal Services	2,216,887	2,176,229	2,280,797	2,395,700	2,400,522
Operating Expenses	926,211	1,187,796	1,654,822	1,727,179	1,729,979
Equipment & Intangible Assets	125,230	450,532	57,500	57,500	57,500
Total Expenditures	\$3,268,328	\$3,814,557	\$3,993,119	\$4,180,379	\$4,188,001
Proprietary Funds	3,268,328	915,524	3,993,119	4,180,379	4,188,001
Total Funds	\$3,268,328	\$915,524	\$3,993,119	\$4,180,379	\$4,188,001
Total Ongoing	\$3,268,328	\$915,524	\$3,993,119	\$4,180,379	\$4,188,001
Total OTO	\$0	\$0	\$0	\$0	\$0

*Proprietary Program Description***Fund 06003 - State Nursery Enterprise Fund***Program Description*

The Montana State Conservation Seedling Nursery produces and distributes seedlings for conservation plantings, including applications such as fire and logging reforestation, farmstead windbreaks, shelterbelts, wildlife habitat, stream stabilization and restoration, and other conservation uses. The program's mission is to produce the highest quality, locally-adapted, source-identified seedlings available for conservation practices in Montana and to ensure affordable seedlings are available to Montana landowners. The nursery grows an average of 900,000 seedlings annually on 87 acres of state land and in 17,760 square feet of greenhouse space. Sixty-seven plant species are currently in production. The Nursery program is funded solely from the Nursery proprietary account and contains 10.92 PB. Statutory authority for the program is in 17-2-102, MCA.

Revenues and Expenses

The primary source of revenue is seedling sales. Other revenue sources are services such as seed collection, cleaning, and storage and selling products for seedling care and protection. The customer base for nursery products and services is comprised of private landowners in Montana, the DNRC Trust Land Management Division, the Department of Fish, Wildlife and Parks, Department of Environmental Quality, Montana Natural Resource Damage Program, the Conservation Reserve Program (CRP), Native American Tribal Governments, the Wildlife Habitat Incentives Program (WHIP), Pheasants Forever, and numerous other conservation programs and organizations. Historic and projected trends in nursery revenue are dependent on conservation activity in the state, landowner access to cost-share dollars for implementation of conservation projects, and long-term seedling production contracts from large scale conservation activities. Revenue potential is also dependent on the number of seedlings available for sale each fiscal year. Sales are predicted two to three years in advance due to the production time needed for each seedling type. This can lead to seedling shortages or surpluses when unforeseen events such as extended drought or extreme fire seasons alter demand for seedlings.

The determining factors that set seedling prices are the actual fixed and variable costs of producing the seedlings. Market pressures from other out-of-state seedling producers can also influence prices. Prices are set to recover all program costs and to increase the year-end carryover balance. Year-end carryover dollars are used for non-typical expenses such as large equipment replacement or for unforeseen expenses such as weather-related crop losses. Since the nursery is funded primarily by seedling sales, all personal services, operating, and capital equipment costs are included when setting prices.

Rate(s) and Rate Explanation

The price of each seedling type is set at the end of the previous fiscal year. Prices are based on the actual production costs for each seedling type. The variables involved in seedling production include seedling stock type (bareroot vs. container), seed cost, propagation difficulty, cull rates, seedling age class, quantity produced, equipment costs, labor costs, and overhead charges. Given these variables, each of the 125-plus seedling types can have a different price, and the price must be adjusted annually to account for changes in fixed and variable costs.

Proprietary Rates

This program is funded with an enterprise fund, which is a type of proprietary fund. As such, the legislature does not appropriate the funds or approve the rates for the program. Instead, the legislature reviews the report for the enterprise fund and identifies concerns with the financial position of the fund.

Projected Fund Balance, Including Cash Fluctuations

The projected fund balance for the program is anticipated to decrease gradually over the next three fiscal years according to the required analysis, which incorporates an expectation of expending the full proprietary appropriation each year. However, the program generally tailors its expenditures in accordance with revenues received and available cash in the fund to avoid a negative fund balance.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 57060	Agency Name: Department of Natural Resources and Conservation			Program Name: Forestry and Trust Lands			
	Fund	Fund Name					
	06003	State Nursery Enterprise Fund					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
Operating Revenues:							
Fee and Charges							
Fee Revenue A		654,392	737,531	806,639	800,000	800,000	800,000
Total Operating Revenues		654,392	737,531	806,639	800,000	800,000	800,000
Expenses:							
Personal Services		364,614	487,310	599,053	766,204	780,351	780,934
Other Operating Expenses		123,501	156,133	80,288	136,832	132,944	132,712
Expense B		-	-	-	-	57,500	57,500
Total Operating Expenses		488,115	643,443	679,341	903,036	970,795	971,146
Operating Income (Loss)		166,277	94,088	127,298	(103,036)	(170,795)	(171,146)
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues (Expenses)		-	-	-	-	-	-
Income (Loss) Before Contributions and Transfers		166,277	94,088	127,298	(103,036)	(170,795)	(171,146)
Change in Net Position		166,277	94,088	127,298	(103,036)	(170,795)	(171,146)
Beginning Net Position - July 1		347,236	513,513	607,601	734,899	631,863	461,068
Change in Net Position		166,277	94,088	127,298	(103,036)	(170,795)	(171,146)
Ending Net Position - June 30		513,513	607,601	734,899	631,863	461,068	289,922
Net Position (Fund Balance) Analysis							

Fund 06538 - Air Operations Internal Svc*Program Description*

The Air Operations program in the DNRC Forestry & Trust Lands Division operates and maintains a fleet of ten aircraft, consisting of seven helicopters and three single-engine, fixed-wing aircraft. The aircraft are primarily used for fire detection, support, and suppression of wildfires, as well as reclamation work in the Department of Environmental Quality. The program is funded in part by revenue generated by the aircraft hourly flight rates and in part by the general fund and fire protection assessment revenues. Statutory authority for the program is found in 77-5-103, MCA, and 17-2-102, MCA.

The Air Operations program provides fire suppression capability year-round across the state of Montana to protect lives, property, and natural resources. Historically, additional aviation resources needed for large fire support are ordered through the national interagency system on a call when needed basis, and related costs are charged to the fire suppression fund. Contracted aviation services are available from private contractors, but historically the costs for these services have been two to three times more than the cost of the state-operated aircraft. In fire season 2024, the program supplemented state suppression aircraft capabilities by contracting for an exclusive use, Type 1, tanked helicopter and used state agreements to bring in an air attack, and a large air tanker, charged to preparedness funding in the fire suppression fund.

Revenues and Expenses

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

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

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

Rate(s) and Rate Explanation

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

Proprietary Rates

The executive proposes an increase to Air Operations Program proprietary rate when compared to the FY 2025 base rates. The figure below shows the rates proposed by the executive for the 2027 biennium.

DNRC Air Operations Program Proprietary Rates			
	FY 2025	FY 2026	FY 2027
	<u>Actual</u>	<u>Proposed</u>	<u>Proposed</u>
Bell UH-1H	\$1,860	\$1,916	\$1,916
Bell Jet Ranger	\$525	\$541	\$541
Cessna 180 Series	\$210	\$216	\$216

This program is funded with an internal service fund, which is a type of proprietary fund. As such, the legislature approves the maximum rate the program may charge during the biennium. They are not the rates the program must charge.

Changes in Level of Fees and Charges

Proposed increases in aircraft flight time rates are shown in the table above. Increases are based on anticipated 3% inflation in the cost of aircraft parts and fuel prices. Fuel prices have increased considerably in recent years and continue to experience volatility.

Projected Fund Balance, Including Cash Fluctuations

The projected fund balance for the program is anticipated to decrease gradually over the next three fiscal years. Revenue estimates are typically conservative, as the length and severity of fire season is difficult to predict. Program operating expenditures would be expected to be lower than projected levels if revenue is received as estimated, indicating fewer hours of flight time billed and aircraft maintenance needs not requiring expenditure of the full appropriation in the proprietary fund.

Working Capital and Fees Commensurate Analysis

Working capital is estimated to be less than the 60 days of cash required to fund operations by approximately \$259,695 in FY 2025, \$368,142 in FY 2026, and \$445,244 in FY 2027.

2027 Biennium Report on Internal Service and Enterprise Funds							
Agency # 57060	Agency Name: Department of Natural Resources and Conservation			Program Name: Forestry and Trust Lands			
	Fund	Fund Name					
	06538	Air Operations Internal Svc.					
		Actual FY22	Actual FY23	Actual FY24	Budgeted FY25	Budgeted FY26	Budgeted FY27
<hr/>							
Operating Revenues:							
Fee and Charges							
Fee Revenue A							
		1,151,890	909,056	802,347	1,000,000	1,100,000	1,100,000
Total Operating Revenues							
		1,151,890	909,056	802,347	1,000,000	1,100,000	1,100,000
<hr/>							
Expenses:							
Personal Services							
		1,564,966	1,678,767	1,640,785	1,514,593	1,615,349	1,619,588
Other Operating Expenses							
		1,086,979	933,293	976,355	1,461,912	1,519,450	1,534,374
Total Operating Expenses							
		2,651,945	2,612,060	2,617,140	2,976,505	3,134,799	3,153,962
<hr/>							
Operating Income (Loss)							
		(1,500,055)	(1,703,004)	(1,814,793)	(1,976,505)	(2,034,799)	(2,053,962)
<hr/>							
Nonoperating Revenues:							
Nonoperating Expenses:							
Total Nonoperating Revenues							
(Expenses)							
		-	-	-	-	-	-
<hr/>							
Income (Loss) Before Contributions and Transfers							
		(1,500,055)	(1,703,004)	(1,814,793)	(1,976,505)	(2,034,799)	(2,053,962)
<hr/>							
Capital Contributions							
		1,638,877	1,664,652	1,664,652	1,664,652	1,987,735	1,975,473
Change in Net Position							
		138,822	(38,352)	(150,141)	(311,853)	(47,064)	(78,489)
<hr/>							
Beginning Net Position - July 1							
		585,190	724,012	685,660	535,519	223,666	176,602
Change in Net Position							
		138,822	(38,352)	(150,141)	(311,853)	(47,064)	(78,489)
<hr/>							
Ending Net Position - June 30							
		724,012	685,660	535,519	223,666	176,602	98,113
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Net Position (Fund Balance) Analysis							

FY 2024 Budget Compared to FY 2024 Actual Expenditures

The department expended 85.7% of the proprietary funding budgeted for fiscal year FY 2024, leaving \$546,200 unexpended. Personal services was over expended by \$40,700, operations and equipment combined had \$586,900 unexpended.

FY 2024 Budget Compared to FY 2025 Appropriations

The budget for FY 2025 increased by 4.7% compared to FY 2024. Personal services increased by 4.8%, all other categories increased by 4.2%.

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	0	0	114,903	0.00	0	0	0	119,725
DP 2 - Fixed Costs	0.00	0	0	0	72,380	0.00	0	0	0	75,173
DP 3 - Inflation Deflation	0.00	0	0	0	(23)	0.00	0	0	0	(16)
Grand Total All Present Law Adjustments	0.00	\$0	\$0	\$0	\$187,260	0.00	\$0	\$0	\$0	\$194,882

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

The decision packages presented are for informational purposes only, offering insights into anticipated changes in expenditure that may affect the rates charged. These decision packages are not approved by the legislature. For internal service funds, the legislature approves the maximum rate that may be charged. For enterprise funds, the legislature reviews the rate and identifies any concerns.

DP 1 - Personal Services -

The executive proposes 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

DP 2 - Fixed Costs -

The executive proposes 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 proposes 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 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-----

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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
General Fund	4,109	4,109	4,109		0.0%
Proprietary Funds	58,200	58,200	58,200		0.0%
Total Funds	62,309	62,309	62,309		0.0%
Operating Expenses	62,309	62,309	62,309		0.0%
Total Expenditures	62,309	62,309	62,309		0.0%
Total Ongoing	62,309	62,309	62,309		0.0%
Total One-Time-Only					0.0%

**LFD
COMMENT**

General Fund as non-budgeted proprietary

General fund listed in the table above as non-budgeted is in error. It is anticipated to be corrected in the Dec 15 budget submission.

Agency Highlights

Department of Agriculture
Major Budget Highlights

The executive proposes non change to the base budget.

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	4,109	0	0	62,309	100.0%	4,109	0	0	62,309	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 Adjustments	0	0	0	0	0.0%	0	0	0	0	0.0%
Total Requested Budget	4,109	0	0	62,309		4,109	0	0	62,309	

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%		

Non-budgeted funds are for beginning farm loan programs. The Montana Beginning Farm/Ranch Loan Program is designed to assist beginning farmers and ranchers in acquiring agricultural property at lower interest rates.

Descriptions for all other funds can be found in the HB 2 budget analysis for the 2027 biennium.

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
Operating Expenses	0	61,285	62,309	62,309	62,309
Total Expenditures	\$0	\$61,285	\$62,309	\$62,309	\$62,309
General Fund	0	3,085	4,109	4,109	4,109
Proprietary Funds	0	58,200	58,200	58,200	58,200
Total Funds	\$0	\$61,285	\$62,309	\$62,309	\$62,309
Total Ongoing	\$0	\$61,285	\$62,309	\$62,309	\$62,309
Total OTO	\$0	\$0	\$0	\$0	\$0

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.

The FY 2024 expenditure was unexpended.

FY 2024 Appropriations Compared to FY 2025 Appropriations

Non-budgeted proprietary funds increase slightly between FY 2025 and FY 2024.

Fund 06016

Revenues

The fund receives interest earned on the fund balance.

Expenditures

There have been no expenditures from the fund previous 12 years. The table below summarizes the ending fund balance for FY 2014 through FY 2024.

06016 - Beginning Farm Loans											
Row Labels	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>FY 2023</u>	<u>FY 2024</u>
Beginning Fund Balance	\$2,421.41	\$2,424.80	\$2,427.93	\$2,438.08	\$2,457.73	\$2,492.02	\$2,514.36	\$2,547.74	\$2,551.53	\$2,554.70	\$2,607.94
Board of Investment Earnings	3.39	3.13	10.15	19.65	34.29	22.34	33.38	3.79	3.17	53.24	
Expenditures	-	-	-	-	-	-	-	-	-	-	-
Ending Fund Balance	\$2,424.80	\$2,427.93	\$2,438.08	\$2,457.73	\$2,492.02	\$2,514.36	\$2,547.74	\$2,551.53	\$2,554.70	\$2,607.94	\$2,607.94