

HOUSE BILL NO. 62

INTRODUCED BY GRADY

BY REQUEST OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

A BILL FOR AN ACT ENTITLED: "AN ACT DEPOSITING THE INTEREST EARNED FROM FIRE HAZARD REDUCTION BONDS IN THE STATE SPECIAL REVENUE FUND TO THE CREDIT OF THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION; AMENDING SECTION 76-13-408, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 76-13-408, MCA, is amended to read:

"76-13-408. Fire hazard reduction agreement and bond. (1) Before cutting any forest product, constructing or reconstructing any road in contemplation of cutting any forest product, or conducting timber stand improvement, such as but not limited to thinning, weeding, or pruning, upon private lands within the state, the person conducting the work shall provide for the reduction or management of the fire hazard to be created by entering into a fire hazard reduction agreement or a master fire hazard reduction agreement with the department, providing for the full and faithful compliance with all requirements under this part and the faithful reduction or management of the fire hazard in the manner prescribed by law and by rules adopted by the board.

(2) Either the person conducting the work or the purchaser, as provided in 76-13-409(2), shall post a bond to the state in a form and for an amount as may be prescribed by the department, but the amount may not exceed \$6 for each 1,000 board feet (log scale) or the equivalent if forest products other than logs are cut. The interest earned on the bonds posted under this subsection must be deposited, along with fees deposited under 76-13-414, in the state special revenue fund to the credit of the department.

(3) Either the person conducting the work or the purchaser, as provided in 76-13-409(2), shall pay 15 cents for each 1,000 board feet (log scale) or equivalent measure if forest products other than logs are cut. The assessment may not exceed \$20,000 a year. The full amount of this money must be deposited in the forestry extension service account provided for in 76-13-415.

(4) The agreement must provide that:

1 (a) all fire hazard reduction or management work comprising nonburning methods and preparations
2 for burning must be completed within 18 months of commencement of cutting in the area covered by the
3 agreement; and

4 (b) all burning work must be completed as specified in the agreement and in compliance with rules
5 adopted by the board.

6 (5) The bond must be released upon the issuance of the certificate of clearance.”

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8 NEW SECTION. **Section 2. Effective date.** [This act] is effective July 1, 1997.

9

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for HB0062, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

An act depositing the interest earned from fire hazard reduction bonds in the state special revenue fund to the credit of the department of natural resources and conservation.

ASSUMPTIONS:

1. The general fund appropriation would remain at the current funding level.
2. The interest income would be used to maintain the state special revenue account balance at the recommended level of its appropriation. Although interest revenue will vary year by year, over time it will average \$80,000. It has ranged from \$57,000 to \$141,000 over the past five years.
3. The interest income would eliminate the need to raise fees, increase general fund appropriations, or reduce program staff.
4. Historically, the slash program has been funded with an approximately equal balance of user fees and general fund. However, over the past four years, the general fund appropriation has only covered about one-third of the total program costs. By the end of this biennium, the entire balance in the slash state special revenue account will have been used and will only fund future budgets with the revenue actually received during the year. This means that in order to maintain the Slash Program at its current level, an increase of about \$80,000 per year in the slash account is needed to restore the historic funding split for this program.
5. There would be no change to recommended expenditures. The spending authority for the interest accrued would be \$80,000 per year. Any interest in excess of the \$80,000 would be carried over for future use when interest may not meet the level needed.

FISCAL IMPACT:

Net Impact to Fund Balance:

	<u>FY98</u>	<u>FY99</u>
	<u>Difference</u>	<u>Difference</u>
General Fund (01)	(\$80,000)	(\$80,000)
Slash State Special Revenue (02)	<u>\$80,000</u>	<u>\$80,000</u>
Total	0	0

Dave Lewis 1-11-97
 DAVE LEWIS, BUDGET DIRECTOR DATE
 Office of Budget and Program Planning

Rep Grady 1-13-97
 ED GRADY, PRIMARY SPONSOR DATE

Fiscal Note for HB0062, as introduced

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