



BIG SKY NIPF-ty NOTES



*Supporting non-industrial private forest owners (family forests)
in their rightful and responsible use, management and
enjoyment of their forested lands*

Montana Forest Owners Association
PO Box 10382, Bozeman, MT 59719-0382

www.montanaforestowners.org
info@montanaforestowners.org (406) 586-MFOA (6362)

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Fire Preparedness Assessment

This entire issue of NIPF-ty Notes is dedicated to the proposed radical change in funding the State of Montana's fire preparedness budget. This change, if approved, will likely impact every land parcel in Montana, except for federal, tribal, state trust lands, and the parcels in municipalities. There will be financial "winners" and there will be financial "losers" if a bill of this nature passes in the 2019 legislative session.

Currently some landowners are assessed a "fire protection" fee on their property tax bill, and most landowners are not assessed a "fire protection" fee. (This is a State of Montana fee, not a local fee.) The land owners that pay the "fire protection" fee are in the western half of Montana. (See the map on page 2.) No landowner in eastern Montana pays this "fire protection" fee. An effort by the Department of Natural Resources and Conservation (DNRC) may lead to spreading the cost of fire preparedness across all property owners who will likely benefit by the DRNC's fire preparedness efforts.

This subject has been under formal discussion since November 2017. **You have an opportunity to provide your input on this subject at the next meeting of the Montana Environmental Quality Council (EQC) scheduled for July 25 and 26, 2018, in Helena.** The agenda for the meeting has not been posted; however, the subject of Fire Preparedness Assessment will typically meet for two hours on only one of the two days. See <https://leg.mt.gov/css/Committees/interim/2017-2018/EQC/Meetings/meetings-and-materials-2.html>.

Existing System to Fund Fire Protection (Preparedness)

The State of Montana divides its fire efforts into two categories – fire protection and fire suppression.

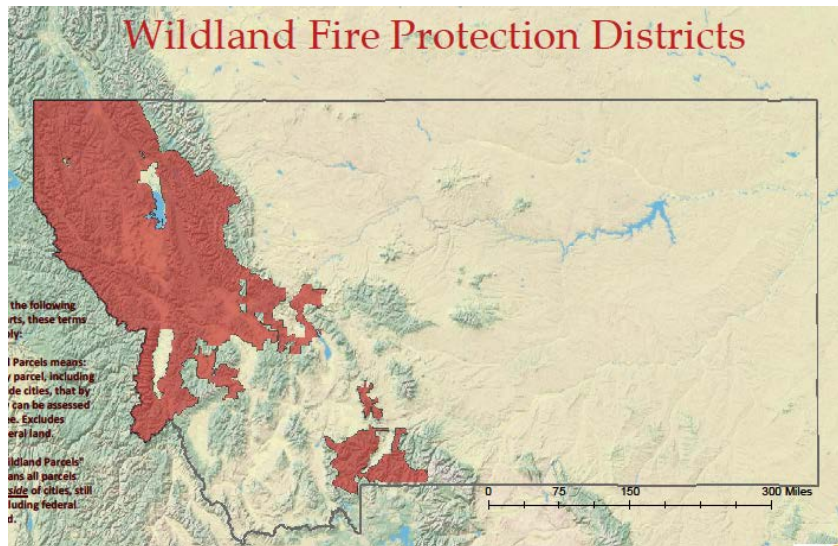
- Fire protection (hereafter called "fire preparedness") covers the activity to prepare for fire suppression, including securing and maintaining equipment, training, education, fire detection, and salaries for those in fire preparedness.
- Fire suppression commences upon ignition of the fire, and includes all activity for control and extinguishing the fire, as well as rehabilitation efforts to damage caused by the fire-fighting.

The sources for funding of fire preparedness and fire suppression are different.

Fire preparedness funds have three sources

<u>Fire Preparedness Funding Sources</u>	<u>Amount in Current Allocation</u>
1. Montana’s General Fund (funded through income tax and other non-earmarked taxes and fees)	\$8.2 million
2. Federal grants (when available)	1.9 million
3. Fees assessed to property owners in “wildland fire protection districts” under MCA 76-13-204 ¹ (See map below.)	<u>3.8 million</u>
Total	\$13.9 million

Fire suppression is funded by Montana’s General Fund. Suppression funding consists of an amount equal to the annual unspent General Fund appropriation above 0.5% of the total General Fund appropriation and the unused portion of the Governor’s \$16 million emergency appropriation at the end of each biennium.



The State, through the DNRC, provides “direct protection” to 5.2 million acres that are in “wildland fire protection districts.” (See map above.) MCA 76-13-105(2). The DNRC also provides protection to an additional 45 million acres through the “State/County cooperative” fire program. MCA 76-13-105(3). The primary difference between these programs is who provides the first response. The DNRC provides the first response in “wildland fire protection districts” and continues with further suppression as needed. In the State/County cooperative fire program, the county provides the first response with DNRC rendering assistance when deemed appropriate.

The State/County cooperative fire program costs less to operate than the DNRC’s direct response in the “wildland fire protection districts.” For this reason the DNRC prefers the State/County cooperative fire program. The cooperative fire program, though, is facing challenges due to the aging of firefighting volunteers and the difficulty in securing sufficient recruits. This has resulted in the DNRC providing additional financial and other support to the first responders under the State/County cooperative fire program. Nevertheless, the DNRC (per the testimony of DNRC’s Michael DeGrosky and John Tubbs at the March 22, 2018, Environmental Quality Council meeting) supports the State/County cooperative fire program since it is less costly than direct intervention. The vast majority of fires in the State/County cooperative areas are extinguished by first responders without DNRC involvement.

The moves to change the system

There was an interim legislative session on November 13, 2017, and two meetings of the Environmental Quality Council on March 22, 2018, and May 30, 2018, in which the DNRC proposed changes to the above system of funding fire preparedness. MFOA has been monitoring these events.

November 13, 2017 Interim Legislative Session

The November 13, 2017, interim legislative session included House Bill 4 (HB 4) which was introduced by Representative Kenneth L. Holmlund. HB 4 proposed that the Fire Preparedness and Forestry Assistance budgets of the DNRC Forestry Division totaling \$16,600,000 be obtained through assessment of all Montana land parcels except for federal, tribal, state trust lands, and the parcels in municipalities. DNRC Director John Tubbs said the number of parcels that would qualify for assessment is 512,000.

Director Tubbs further suggested that parcels with a “dwelling” (defined as one or more residences or commercial buildings) should receive an additional assessment. This is because much time is spent preparing for protection of buildings during fires. There are 236,733 such parcels.

He further suggested that parcels which are classified as forest lands (Class 10) by the Montana Department of Revenue should have an additional assessment because preparing for fires on forested lands is more costly. There are 41,843 such parcels.

He proposed that each type of assessment (parcel, dwelling and forest land) be the same dollar amount.

HB 4 proposed that the total amount appropriated by the legislature for the DNRC Forestry Division fire preparedness and forestry assistance (at that time being \$16,600,000) be divided by the total number of assessments ($512,000 + 236,733 + 41,843 = 790,736$) to arrive at the individual assessment amount (\$21.32).

Examples

- 1) A non-forested parcel with no dwelling would have one assessment (\$21.32): the assessment for the parcel.
- 2) A non-forested parcel with a dwelling would have two assessments (\$42.64): one assessment for the parcel, and the second assessment for the dwelling.
- 3) A forested parcel with no dwelling would have two assessments (\$42.64): one assessment for the parcel, and the second assessment for the forest land.
- 4) A forested parcel with a dwelling would have three assessments (\$63.96): one assessment for the parcel, the second assessment for the dwelling, and the third assessment for the forest land.

The assessment would be the same for a 640 acre parcel or a 20 acre parcel. A person owning three parcels, each 40 acres, even adjoining, would be assessed on each of the three parcels. The assessment for the dwelling would be the same for a \$50,000 residence or a \$3 million residence.

The bill, backed by the DNRC, was terminated without further legislative action, and further discussion of the subject was to be taken up in the March 22, 2018, Environmental Quality Council meeting.

March 22, 2018, and May 30, 2018 Environmental Quality Council Meetings

The DNRC proposed funding of \$13,900,000 total Fire Preparedness budget at both the March 22 and May 30, 2018, meetings of the Environmental Quality Council. The DNRC proposed a new method of assessing land parcels, as follows.

- A. For parcels in municipalities, federal lands, tribal lands, and state trust lands, there would be no assessment.
- B. For wildland parcels receiving “direct” DNRC protection (mostly in the west), assessments would apply as follows:.

	<u>Category</u>	<u>Assessment</u>
a.	Non-forested with no dwelling	\$46.58
b.	Non-forested with a dwelling	\$51.24
c.	Forested with no dwelling	\$51.24
d.	Forested with a dwelling	\$55.90

- C. For parcels defended by County/State Coops (mostly in the east), assessments would apply as follows:

	<u>Category</u>	<u>Assessment</u>
a.	Non-forested with no dwelling	\$15.86
b.	Non-forested with a dwelling	\$17.45
c.	Forested with no dwelling	\$17.45
d.	Forested with a dwelling	\$19.03

This assessment would be included in property tax bills. If the DNRC had its way, the assessment would be called a “fee” and not a “tax.”

Conclusion

The May 30 fire preparedness assessment discussion ended with Chair Chas Vincent agreeing to work with Legislative Environmental Analyst Joe Kolman to prepare additional information and numbers for discussions at the Environmental Quality Council meeting scheduled for July 25-26, 2018. One might reasonably expect the Council to recommend a house bill covering fire preparedness assessments. If this were the case, such a bill may be available at the September 12 and 13, 2018, Environmental Quality Council meeting. If so, this bill could proceed into the 2019 legislative session. If the DNRC is successful in getting the legislature to pass a bill funding its yearly \$13.9M fire preparedness requirement through assessments, there will be \$8-9M more available in the General Fund. That means the property owners or taxpayers will be paying more, no matter what the dollars are called (fees or taxes). This concern has not been addressed in any detail by the EQC or anyone else to our knowledge.

Your best opportunity to provide your input on this subject is to attend and/or provide input to the EQC at its July 25 and 26, 2018, meeting in Helena.

ⁱ The DNRC can create a “wildland fire protection district” upon a vote of not less than 51% of the owners representing at least 51% of the acreage to be involved in the affected wildland fire protection district. The DNRC prepares an annual operation assessment plan in which fire protection costs are determined, ultimately resulting in assessing a fire protection fee to each owner of “forest land” in a wildland fire protection district. The DNRC develops its own methodology to determine whose land is “forested.” This methodology is different than that used by the Montana Department of Revenue when classifying land as class 10, forest land. The cost to a landowner shall include a base fee of not more than \$50 (currently \$43.54), plus not more than \$0.30 (currently \$0.27) for each acre over 20 acres. The assessment is deemed a fee, not a tax. The total of such assessment shall be not more than 1/3rd of the appropriation for fire preparedness. (Note in the current appropriation the \$3.8 million fees assessed is about 27% of the total.) MCA 76-13-201; MCA 76-13-207; MCA 76-13-208; MVA 76-13-213.

Note that the \$3.8 million contribution is primarily made by owners in the west; but it arguably benefits the entire state.