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Governor Bullock Announces Fire Fund Doubled, Sufficient Budget Reserves to Manage Pandemic

Bullock's strong fiscal management leads to fire fund reaching statutory max for first time in history and reserves of over \$600 million

MONTANA – Governor Steve Bullock today announced that the fire fund has doubled to its statutory maximum and that the state of Montana is well equipped to manage the uncertainty ahead created by the pandemic due to sufficient budget reserves of over \$600 million.

“Because we headed into this pandemic in an historically strong position and because we were careful stewards of taxpayer dollars, Montana is in an enviable financial position as other states weather budget challenges,” said Governor Bullock. **“Montanans can rest assured that we are well equipped to handle two concurrent challenges with a fire fund that can cover nearly five average wildfire seasons and the reserves to sustain critical services and manage through the pandemic.”**

On August 15, \$46.7 million was transferred from the general fund to the fire suppression fund, putting the fire fund at its statutory maximum of \$101.5 million, or 4% of fiscal year 2021 appropriations, for the first time in history. With prudent fiscal management, responsible stewardship of taxpayer dollars, and lower than expected Medicaid costs, state agencies under Governor Bullock finished the fiscal year under budget, allowing for the transfer to the fire fund.

The fire fund now contains enough money to cover nearly five average years of state fire suppression costs. The ten-year average fire suppression cost is \$21.1 million. In 2013, Governor Bullock proposed and passed House Bill 354 to change the way wildfires are paid for by the state, which seeks to dedicate dollars to the fire suppression fund in advance of wildfire season. This legislation included that reversions by state agencies in excess of 0.5% of total general fund be transferred to the fire fund.

The Budget Stabilization Reserve remains at its statutory maximum, which is \$114.2 million or 4.5% of fiscal year appropriations. This represents the second year in a row that the Budget Stabilization Reserve has been funded to its statutory cap and it is available to sustain the budget should revenue collections or expenditures vary from projections.

The balances of the general fund, the fire fund, and the Budget Stabilization Reserve total \$620 million as we begin fiscal year 2021, leaving Montana well equipped to manage the uncertainty ahead created by the pandemic.

“While none of us could have anticipated a global pandemic as we wrapped up the 2019 legislative session, we did anticipate the unexpected could come our way. We took the right steps to make sure our budget is in good shape and left money in the bank for unforeseen circumstances,” Governor Bullock continued.

Additionally, Fitch Ratings recently affirmed Montana’s general obligation bond rating of AA+ and declared Montana’s outlook as stable.

“Montana's 'AA+' rating is based on its diversifying economic base, solid growth prospects, low liability position and conservative financial practices,” said Fitch Ratings in its rating action commentary. *“The state's consistently conservative approach to fiscal management has enabled it to maintain steady operating performance, address spending priorities for education, health care and infrastructure, and build formal reserves. These strengths leave the state well positioned to manage through the current downturn and future economic cycles, providing support for the Stable Outlook.”*