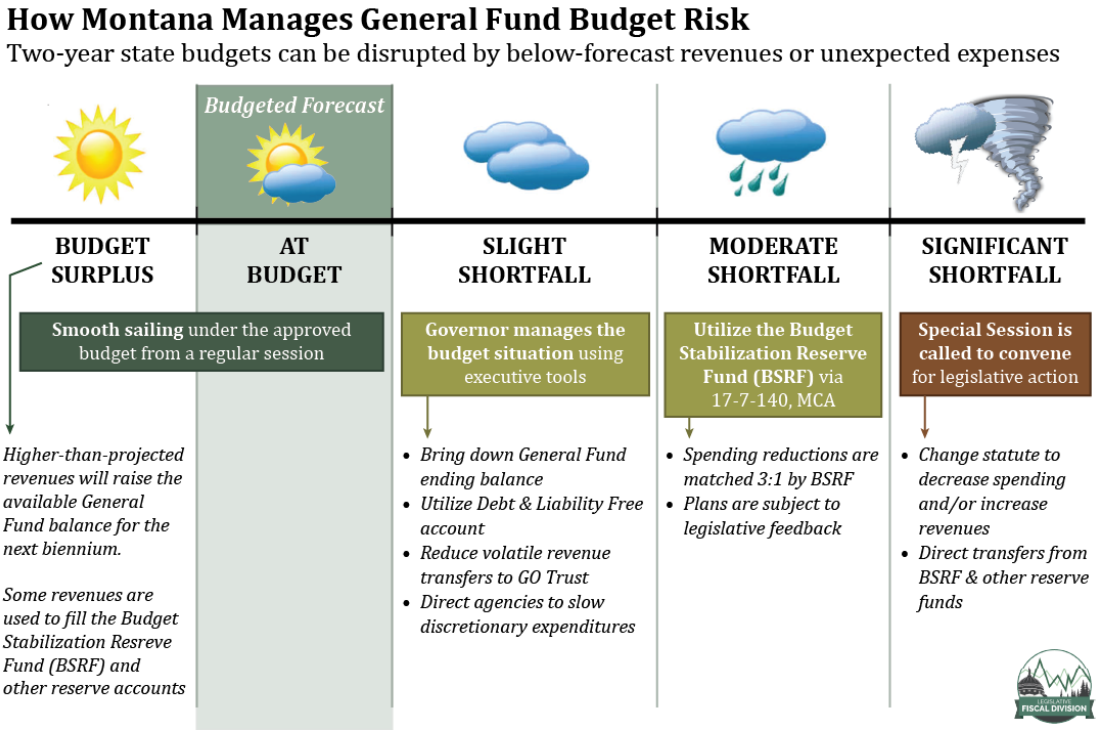


The two-year budgets authorized by the Montana Legislature are subject to the risk of being disrupted by lower-than-projected revenues, such as a decline in income tax collections, or unexpected expenses, such as an unusually expensive fire season. The legislature has adopted a variety of tools to help manage budget risk, tailored to match specific budget conditions.

Slight budget shortfalls are managed by the Governor through executive tools provided by the legislature. Moderate shortfalls can be addressed with budget stabilization mechanisms that involve a public process engaging legislative interim committees and then, in the case of significant shortfalls, calling the full legislature into a special session.

The Budget Stabilization Reserve Fund (BSRF), or rainy-day account, is filled with a portion of general fund revenues under normal operating conditions. In inclement budget conditions, the governor can use the BSRF to match spending reductions on a 3:1 basis, with a portion of the fund reserved for potential action by the legislature.

More information on the BSRF and other tools for budget risk is available in Tools in the Toolbox: Montana's Approach to Fiscal Volatility Mitigation, an LFD report presented to the legislature's Modernization and Risk Analysis (MARA) committee on October 13, 2026.