

MINUTES
NATURAL RESOURCES SUBCOMMITTEE
50TH LEGISLATIVE SESSION
HOUSE OF REPRESENTATIVES

February 16, 1987

The meeting of the Natural Resources Subcommittee was called to order by Vice Chairman Boylan on February 16, 1987, at 8:10 a.m. in room 317 of the State Capitol.

ROLL CALL: All subcommittee members were present with the exception of Chairman Swift who was excused until 8:40 a.m. Also present were Carl Schweitzer, Senior Fiscal Analyst, from the Office of the Legislative Fiscal Analyst (LFA) and Karen Vollstedt, Budget Analyst, from the Office of Budget and Program Planning (OBPP).

Tape 78A

Department of Natural Resources (DNRC), Centralized Services Division EXHIBIT 1

Oil and Gas Conservation Division

Carl explained that at the last meeting the subcommittee discussed the funding of the centralized services division. At that time, Carl quoted \$114,000 to finance centralized services from the Oil and Gas Division. Carl said that DNRC has done a thorough evaluation of the time spent in the last two fiscal years by centralized services on oil and gas. DNRC suggest \$70,000 per year as the actual costs that could be related to centralized services that they performed for oil and gas. Carl said he agrees with that figure.

Water Development Bureau EXHIBIT 2

Carl reviewed the exhibit which listed Water Development Program projects, and which projects would be completed with which option.

Larry Fasbender, Director, Department of Natural Resources and Conservation said he agreed with the numbers as presented by Carl.

Resource Indemnity Trust Account (RIT) EXHIBIT 3

Carl reviewed this exhibit and the list of RIT projects.

The subcommittee discussed the three budgets. Mr. Fasbender said that the decision this subcommittee has to make is whether or not the projects are more important than saving general fund. Sen. Smith said that these monies were set aside for a specific purpose. He said that with the oil and gas production down, there will be less money all the time. Sen. Smith used as an example, plugging abandoned oil wells, a project, he felt, should be done. He said that he would resist any attempt to rob RIT and water development funds to fund the big bureaucracy.

Mr. Fasbender explained that 30% of RIT funds go into water development.

Rep. Spaeth said that he is convinced that some of these monies have to be used to fund general operations of government. He said, however, that he did not want to eliminate the programs entirely.

Sen. Story said there was nothing on the water development list that would injure anyone if it was delayed. He said that is not true on the RIT list. Sen. Story recommended cutting down water development projects and leaving the RIT list alone.

Mr. Fasbender said that whether members think the projects are good or bad, the water development list is in the order given by the Long Range Planning Committee, with the projects recommended by that committee. Sen. Smith said that many of these projects have been cut by 50 to 75 percent.

Rep. Manuel reminded the subcommittee that there had been hearings on each of these projects. Sen. Story said that he realized that the subcommittee would not reorganize the priorities, but members had to decide how to save the state some money.

Chairman Swift said that the question before this subcommittee is what are the direct administrative costs for programs.

Tape 78B

Sen. Story said that members cannot take a tax increase home without showing that they have made a good faith effort to reduce costs.

Sen. Story MOVED to accept the LFA figure, \$70,000 level for the Oil and Gas Division. Motion passed with Sen. Smith voting no.

The subcommittee returned to the discussion of water development and RIT projects. Rep. Spaeth said that the subcommittee shouldn't get involved with the project list.

Twin Bridges

While Rep. Spaeth was deciding how to word his motion, Sen. Story asked for the support of this subcommittee to get the rules suspended to present a bill that would dispose of Twin Bridges. Sen. Story asked if the Madison County commissioners approved of this plan. Sen. Story answered that the motion follows the recommendation of the county commissioners. They want the buildings, but they don't need the stream access. Fish, Wildlife, and Parks would like the stream access, but they don't need the buildings. Sen. Story said his bill would accomplish this.

Sen. Story MOVED that the appropriations committee of the Senate be requested to present a bill to dispose of the Twin Bridges property to Madison County and to Fish, Wildlife, and Parks. Motion passed unanimously.

DNRC (continued)

Rep. Spaeth MOVED to use \$78,650 per year of RIT interest to finance Centralized Services. Therefore using the information on Table 2 (Exhibit 3) that would leave a balance of \$3,971,359 for grants. Also, for Water Development Funds to accept the Executive Recommendation, which would leave a balance of \$620,110. Motion passed.

Sen. Smith said that he objected to robbing as much as possible from RIT and water development accounts to supplant general fund money.

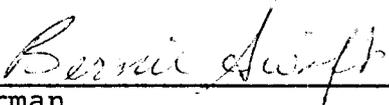
If the subcommittee looks at the program figures again, Sen. Smith requested the figures on what was originally requested for each program and what the Long Range Building Subcommittee recommended.

Carl reported that the Long Range Building Subcommittee approved water development projects for \$800,000, water development funds, and \$4,040,000 of federal funds.

Sen. Story MOVED to accept the level of funding as stated by Carl. Motion passed.

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Meeting adjourned at 9:30 a.m.



Chairman
Natural Resources Subcommittee

Natural Resources Subcommittee
Exhibit I

FY 1988

FY 1989

CENTRALIZED SERVICES	OPTION A	OPTION B	OPTION C	OPTION A	OPTION B	OPTION C
	LFA	EXEC		LFA	EXEC	
TOTAL PROGRAM	1,552,453	1,552,453	1,552,453	1,570,435	1,570,435	1,570,435
RAINFELAND 2052	12,500	12,500	12,500	12,500	12,500	12,500
MAJOR FAC SITTING 2428	20,000	20,000	20,000	20,000	20,000	20,000
WATER RIGHTS 2430	3,750	3,750	3,750	3,750	3,750	3,750
GRAZING FEES 2433	500	500	500	500	500	500
CONSER DIST 2434	11,000	11,000	11,000	11,000	11,000	11,000
ALT ENERGY 2437	26,161	38,282	26,161	26,085	37,104	26,085
OIL AND GAS 2432	70,000	41,736	70,000	70,000	42,508	70,000
RFD 2436	6,530	6,530	6,530	6,530	6,530	6,530
FEDERAL INDIR 3036	142,000	130,000	142,000	142,000	130,000	142,000
NET	1,260,012	1,288,155	1,260,012	1,278,070	1,306,543	1,278,070
WATER DEVELOP 2435	232,624	102,375	130,249	230,808	102,493	128,315
ADJUSTED NET	1,027,388	1,185,780	1,129,763	1,047,262	1,204,050	1,149,755
RIT INTEREST 2027 2% OF ADJ NET	297,943	0	297,943	303,706	0	303,706
GENERAL FUND 1100 7 1/2% OF ADJ NET	729,446	1,185,780	831,821	743,556	1,204,050	846,049

Natural Resources Subcommittee
Exhibit 2

14-Feb-87

Water Development Account
Fiscal Years 1988 - 1989

	Fiscal 1988 -----	Fiscal 1989 -----	
Beginning Balance	\$0	\$2,945,750	
Revenues			
Coal Tax Water Development	\$306,836	\$321,963	
30% RIT Interest Earnings	1,978,914	2,126,486	
Loan Repayments	365,000	365,000	
Project Revenues	220,000	220,000	
Interest on Bond Proceeds	50,000	50,000	
Administrative Fees	25,000	25,000	
Total Revenues	\$2,945,750	\$3,108,449	
Total Funds Available	\$2,945,750	\$6,054,199	
Expenditures			
Debt Service	\$566,111	\$607,796	
Water Courts	512,066	508,896	General Govt Su
.....			
DNRC - Centralized Services			
Option A	232,624	230,808	
Option B	102,375	102,493	
Option C	130,249	128,315	
.....			
- Water Res Div Operations	1,190,748	1,181,120	Natural Res Sub
.....			
Total Expenditures			
Option A	2,501,549	2,528,620	
Option B	2,371,300	2,400,305	
Option C	2,399,174	2,426,127	
.....			
Plus 40 percent of RRD funds		\$137,700	
Funds Available for Water Development			
Grants and State-Owned Projects			
Plus 40 Percent of RRD funds			
.....			
Option A		\$361,730	
Option B		\$620,294	
Option C		\$566,598	
.....			

1 From the coal tax funds available for RRD projects, debt service payments and a appropriations are made. Forty percent of the remainder goes to the water develop program.

 Water Development Program Prioritized Projects and Activities

Applicant/Project -----	GRANT AMOUNT	ACCUMULATIVE TOTAL
1. MONTANA STATE LIBRARY Montana Water Resources Date Management	\$97,712	\$97,712
2. PRIVATE COMPANY Lima Dam Rehabilitation	64,000	161,712
3. MONTANA BUREAU OF MINES Mobility of Agrigulture Chemicals	98,500	260,212
4. HILL COUNTY Lower Beaver Creek Dam Rehab. Study	35,000	295,212
***** OPTION A **		
5. TREASURE COUNTY CONSERVATION DISTRICT Conservation Practice Loan Program	100,000	395,212
6. PRIVATE COMPANY Edgar Canal Erosion Control	10,000	405,212
7. MONTANA STATE UNIVERSITY Plastic Irrigation Canal Lining	37,500	442,712
8. FLATHEAD CONSERVATION DISTRICT Rehabilitation of East Spring Creek	75,000	517,712
9. MINERAL COUNTY St. Regis Park Irrigation	35,000	552,712
***** OPTION ^C **		
10. CARBON COUNTY Roberts Water System Improvements	47,500	600,212
11 GREENFIELD'S IRRIGATION DISTRICT Willow Creek Measuring Device	2,074	602,286
***** OPTION ^B **		
12. PRIVATE CORPORATION Nilan Canal Lining	25,000	627,286
13. EASTERN SANDERS CONSERVATION DISTRICT Little Bitterroot Recharge Enhancement	86,300	713,586

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Table 2
Resource Indemnity Trust Interest
1987 and 1989 Bienniums

	1987 Biennium	1989 Biennium
Beginning Balance	\$2,001,373	\$315,250
Revenue	13,478,388	13,684,665
Total Funds Available	\$15,479,761	\$13,999,915
Expenditures		
30% Water Development	4,043,516	4,105,400
6% Hazardous Waste	808,703	821,080
Additional 6% Hazardous Waste		821,080
Agency Operations	5,883,502	0
Option A		4,230,946
Option B		3,629,297
House Bill 952	0	
Clark Fork- Gov Office		180,000
Environmental Contingency Fund	175,000	175,000
RIT Grant Administration	108,000	140,000
RIT Grant Program	4,145,789	
Total Appropriations	\$15,164,511	
Option A		10,473,505
Option B		9,871,856
Ending Fund Balance	\$315,250	
Option A		\$3,526,410
Option B		\$4,128,059

Note: The 1989 biennial appropriation is based on a 12 percent allocation of the RIT interest earnings to the hazardous waste program.

Revenue Estimates are those of the Revenue Estimating Subcommittee.

Resource Indemnity Trust Projects
1989 Biennium

Rank	Project/Applicant	Recommen'd Funding	Accumulative Total
1	Dept. of State Lands Upper Blackfoot Streambank Reclamation	\$107,000	\$107,000
2	Anaconda-Deer Lodge County Anaconda Soil Stabilization	\$66,854	\$173,854
3	Dept of Health and Environmental Sciences Clark Fork Monitoring	\$289,926	\$463,780
4	Dept of Fish, Wildlife and Parks High Ore Creek Reclamation	\$263,245	\$727,025
5	Department of State Lands Snowshoe Creek Streambank Reclamation	\$107,000	\$834,025
6	Board of Oil and Gas Conservation Plug Milkstrand Simerro Well #1	\$19,951	\$853,976
7	Dept of Health and Environmental Sciences Barnack State Park - Apex Mill Cleanup	\$101,200	\$955,176
8	Toole County Reclamation of Oil and Gas Areas	\$150,000	\$1,105,176
9	Department of State Lands Nellie Grant Mine Reclamation	\$84,900	\$1,190,076
10	Dept of Health and Environmental Sciences Abandoned Oil Refineries	\$300,000	\$1,490,076
11	Department of Fish, Wildlife and Parks Catarect Creek Reclamation	\$21,565	\$1,511,641
12	Sheridan County Conservation District Reserve Pit and Oilfield Assessment	\$100,000	\$1,611,641
13	Board of Oil and Gas Conservation Plug- Sunburst Disotell Well #1	\$55,000	\$1,666,641
14	Board of Oil and Gas Conservation Plug Well Leaking Gas	\$46,330	\$1,712,971
15	Montana State Library Natural Resources Information System	\$177,970	\$1,890,941
16	Water Resources Center, Univ of MT Chemical Comp of Smelter Tailings	\$34,565	\$1,925,506
17	Montana Salinity Control Association Montana Salinity Control Program	\$300,000	\$2,225,506
18	Mile High Conservation District Berkeley Pit Reindustrialization	\$250,000	\$2,475,506
19	Butte-Silver Bow Government Anselmo Mine Reclamation	\$299,473	\$2,774,979
20	Lower Musselshell Conservation District Groundwater from Abandoned Mines	\$242,320	\$3,017,299
21	Department of State Lands Effects of Surface Coal Mining	\$143,800	\$3,161,099

22	Dept of Natural Resources and Conservation Sodium and Salinity Sources in Powder River Basin	\$89,257	\$3,250,356	22
23	Department of State Lands Drill Hole Reclamation	\$100,000	\$3,350,356	23

***** OPTION A *****

24	Dept of Natural Resources and Conservation Soil Survey Program	\$300,000	\$3,650,356	24
25	Governor's Office, Deer Lodge County, & Headwaters CD Clark Fork Reclamation	\$25,000	\$3,675,356	25
26	Dept of Natural Resources and Conservation Soil Stewardship	\$6,700	\$3,682,056	26
27	Fort Peck Assiniboine and Sioux Tribes Groundwater Resources of the Poplar River	\$152,000	\$3,834,056	27
28	Montana State University Survey of Montana Bentonite Impoundment	\$12,478	\$3,846,534	28
29	Montana State University Survey of Needs in Grain Fields	\$54,150	\$3,900,684	29
30	Groundwater Information Center, MBMG Deep Aquifer Databases	\$155,950	\$4,056,634	30

***** OPTION B *****

31	University of Montana, Biology Dept Biotic Resources of the Upper Clark Fork	\$26,638	\$4,083,272	31
32	Butte-Silver Bow Government Emma Mine Site Reclamation	\$150,000	\$4,233,272	32
33	Butte-Silver Bow Government Mitigation of Mining through Urban Forestry	\$200,000	\$4,433,272	33
34	Lewis and Clark County Development Right Purchase Program	\$155,000	\$4,588,272	34
35	Montana State University	\$53,342	\$4,641,614	35