

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

March 20, 1987

The 17th meeting of the Senate Finance and Claims Committee met in room 108 of the State Capitol on the above date. The meeting was called to order at 8:04 a.m. by Chairman, Senator Regan to hear House Bills 5 and 6.

ROLL CALL: All members present including the 4 members of the Select Committee on Long Range Planning.

CONSIDERATION OF HOUSE BILL 5: "AN ACT TO APPROPRIATE MONEY FOR CAPITAL PROJECTS FOR THE BIENNIUM ENDING JUNE 30, 1989; TO PROVIDE FOR OTHER MATTERS RELATING TO THE APPROPRIATIONS; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Representative Thoft, House District 63 and chief sponsor of House Bill 5, presented the bill. He said first he would give the funding and expenditures A sheet called Long-Range Building Cash Account 1989 Biennium is attached as exhibit 1.

He said the LRP committee adopted the executive recommendations with four exceptions. Representative Thoft said, we eliminated the funding for the Yellowstone Airport for \$5,000; and the reason it was done was because they anticipate having a major carrier there and if they do they will have the revenue to fix their own road. We reduced the funding of the Registrar Bureau of the Department of Justice by \$150,000 and they are still going to take care of the licenses and the work that needs to be done in that building. We have one law suit involved in funding in this bill and that's legal fees and costs to Montana State Prison, \$75,000, I think. Water and sewer needs at U of M \$168,400. They have some water mains that are leaking and they are flooding the aquifer. The net increase is \$28,400 considering the reductions and the increases, and that is in the bill.

Representative Thoft handed out listing the projects, capital projects funds and other appropriated funds, attached as exhibit 1, House Bill 5. He said he would not go through them all since the sheet was an explanation of what was in the bill, and said if there were any projects there the committee wanted a detailed explanation of he would be glad to furnish it. He mentioned under Fish, Wildlife and Parks that they are building a new headquarters

in Kalispell and a new one in Billings. He said his committee felt they should only build one, but we did not convince them and he felt since this left only one old headquarters they would probably get it the next go around.

Representative Thoft said, we are actually about \$5 million short of dealing with all the Health and Safety projects that need to be done, and these are the ones with the highest priority.

Under the Department of Labor and Industry he said the Helena Job Service Office Expansion was requested because of the new job training program that needs room to conduct those programs.

Representative Thoft said the total Long-Range Building Projects Approved was \$6,246,547; Federal money was \$10,570,240; and the total in the bill \$16,816,787. He said there are some amendments (last page of exhibit 1). He said the first three amendments are technical amendments. The fourth amendment deals with the Law Enforcement Academy and that whole picture has changed in the last 30 minutes. No. 5 is a supplemental on the Hatchery at Miles City. He said there is a man from the Justice Department in 104 and he would like him to explain the Law Academy proposal.

There were no further proponents to House Bill 5, and there were no opponents. Senator Regan asked if there were questions from the committee.

QUESTIONS FROM THE COMMITTEE: Senator Van Valkenburg said, as I look at the bill, short of the amendments that are being offered, the only change that I see from what the subcommittee did would be the addition of \$41.9 million to the Energy management control system, MSU. Representative Thoft said, that is an amendment that was added to the bill in House Appropriations. Essentially what it does, is to give them the spending authority to use plant and other funds to put in an energy control system that will pay back in 7 years. There has been a little controversy over this but it is the same thing on another plant and it has paid off. I guess I think it is a good amendment.

Senator Van Valkenburg, this was presented to the committee and several of the committee members including myself, raised the issue at the time as to exactly where the source of funds was that is going to repay this. There had been some language proposed at the time in the subcommittee, but I don't see the language in the bill.

Senator Regan asked, Representative Thoft, was this in high priority on your list? Something that was approved -- how did it rank on priority? He answered, it wasn't ranked at all. Senator Regan said, this just came as a separate item

then? She was told yes. Senator Regan asked, presented by whom? Representative Thoft answered, it was presented by Craig Roloff, MSU.

Representative Thoft said there is a good deal of language that should be inserted in the bill that is being passed around now. (This is attached to the minutes as exhibit 2, House Bill 5). He explained the language in the amendment by saying, essentially it ties them into not obligating themselves for any more than the projected energy savings.

Senator Aklestad said, my concern is that even though they have authorization there is only so much money in the pot. What is going to be dropped off? Representative Thoft said he had the same question. This says they cannot incur state indebtedness. I would not even consider this in full Appropriations until we had the blessings of the House subcommittee on Education because I wanted it very clear to them what was going on, and they did approve it. The way the House Bill reads right now, the money is there to fund the cost of their utilities and if this is put into effect they feel they can pay that money back from the savings.

Craig Roloff, Administrative Services, Acting Director, Montana State University, said this was a top priority item at the University when it went to the Board of Regents, and then they concurred with it. Because it was not a request for funds they sent it on to the Governor's office, they did not do so with the priority, since it was not in line for any funds in the Capital Projects. The amendment you have before you was prepared through a cooperative effort that included Ellen Feaver in the Department of Administration, Madalyn Quinlan of the LFA, and Lee Helman of the Legislative Council. Essentially the purpose of the amendment was to clarify the finance package for the project. He explained they would pay for this from energy savings, an engineer's analysis and a financial package had to be prepared and approved by the Regents before an award was made on the contract, and the repayment would not be a general obligation to the state. He said they have energy savings in their system now because of the contract they have with Montana Power. We will be installing this energy management control system and using the energy savings we have from our gas contract and the energy savings we will have from the control system to pay off the cost of the system. Really, the funds will be coming from our planned and our auxiliary budget.

Senator Walker asked, when you came before us, did you not have some O and M (operation and maintenance) funds available? Mr. Roloff answered, when I said plant funds, I meant the physical plant program budget which includes operation and maintenance.

Senator Himsl said, if I am hearing this correctly, you are asking we essentially over appropriate for current utilities to pay for financing your savings. Mr. Roloff said, we maintain our base budget appropriation. Senator Himsl said, let me ask you again -- you are asking us to over appropriate for the utilities, giving you a margin, to pay for the financing that you pay eventually with energy savings. Mr. Roloff said, that would be the case two years from now when we came back for our University budget in our plant funds. The amount of appropriation for utilities would actually drop but the cost of the debt service would be there to maintain the balance from the previous year. Senator Himsl said, we would appropriate in excess to pay for the savings? Mr. Roloff said, you would appropriate more than what the utilities cost, but you wouldn't appropriate any more than the utility cost was in previous years.

Senator Gage asked, did the University get anything through the Exxon overcharge money? Is there anything in that area that could have been used for part of this program? Mr. Roloff answered, apparently most of the money in that as far the University system goes would be for energy conservation studies. My understanding is that after the studies are done the possibility would exist that we could use those funds for specific funds that may be determined to be either high priority or within the available funds within it.

Carrol Krause said this project did go through the board and it was discussed several times. Mr. Roloff's comments about why it wasn't on the list is appropriate. It isn't something that MSU just plugged in without going through the process. I think it is important for the committee to understand is that what we are trying to do here is to -- rather than to continue to spend all the money for utilities, if we invest in this energy control system it will free up money, and in the short term we will use that money to pay for the system, but 7 years down the road, after the energy management system is paid for it will accrue savings to the state. We are not asking for an increase in appropriations in our utility budget, we are asking for a continued appropriations we are now spending for utilities.

Senator Haffey said, for the committee's information, this isn't an entirely irrational plan they have submitted to us. It makes sense. The question I have, did the Education subcommittee in Appropriations make a decision that anticipated the gas utility bill would be the same as it would have been before Montana Power got the lower bid? Were you appropriating an amount that didn't reflect the fact that the bid process went on? Mr. Roloff said, to answer that, the energy savings, the calculated energy savings from the Montana Power contract were a special item

that was discussed separate from the base project for a utility plant. He said this proposal would use some of that money.

Senator Haffey said, to the extent that that is true, the answer to Senator Himsl's question is that right now we would be over appropriating our payment to the utilities, since the bid is lower; but he is also right, Senator Himsl. Over time through this inovative approach to funding and conservation initiative, and do what you will with it, it would pay out.

Senator Himsl remarked, most of us have had experience with these savings. Insulated homes, etc. and eventually it cost just as much as if you had not done it. My question to you now is, as I read this you are going to have to borrow money someplace. It is going to take equipment to fund this \$2 million project. Are we going to go to the bank and borrow this money on the basis that you are going to be able to pay for it on the savings from the money we appropriate? Mr. Roloff said, yes, sir. When we got our heating plant retrofit, according to this gas contract with Montana Power, we had everything lined up. We knew exactly what we were going to pay on our gas and exactly how much we were going to pay on our loan for the next 4 years and we were able to sit down and prepare a spread sheet that showed the cost and the savings and the banks accepted that.

Senator Jacobson said we did look at this and recognize the savings. When we did that it was my understanding it would go for maintenance and repair. This project was in Long Range Building and we didn't even hear about it until I asked the question since someone had asked me about it. It was never mentioned in our subcommittee as we went through that part.

Craig Roloff said, I can't say it just came up, we worked hard not knowing how to proceed with this and felt the appropriate place was in the Long Range Planning Committee. We introduced it and in our initial presentation to that committee we did not know we would have the energy savings, so during our initial presentation we had a commitment that we would use some of our existing savings to pay off the control system.

Senator Van Valkenburg said, I am primarily concerned about the source of repayment and not working the University budget and not being familiar with the non-general fund money in that budget, I am much concerned about exactly what they are going to be able to do here when they said plant auxiliary funds. They had some other language when they presented it to us, and I can't find it right now, but we were very much concerned about their ability to get at student fees to finance this system, and I think they have

tried to work with the administration in terms of drafting the language about repayment here. I would like to have Ellen Feaver who has worked with them make some comments about her analysis of their ability to repay the loan.

Ellen Feaver, Director, Department of Administration said she would like to speak both to the financing and to the priority part of this. She said, I did work with the school on the drafting of this language and my primary concern is that the Legislature understand what you are approving if you approve this project, is the financing. You are approving acquisition of additional debt for the state of Montana. It is not strictly classified as state debt the way it is presented. It is not G. O. debt, but it is never the less a financing of borrowing creation of debt for a state agency. We agree this is a good project, but it simply did not measure up to the other good projects that were put forward in the LRB process. As you know, we have a process for priority setting for all state buildings, university buildings and institution and all others. That process takes about 9 months. When we got the priorities from the Regents this certainly was not in the priority listing, it was simply a project that was approved but not in a priority and the message we got was that it didn't measure up to some of the maintenance projects we didn't have enough money to fund. Indeed, as Senator Thoft said, we had health and safety projects that amounted to over \$5 million that we could not fund. We went in the order of health and safety maintenance, and MSU has the biggest maintenance project in here right now. They have a \$1.2 million electrical system replacement on the campus. This project is not as high on the priority system as many others who could also propose the same creative financing. I guess I would submit to you that the priority process is an important thing to do for the legislature. The financing, as state treasurer, I am also very concerned about. All the other projects in this bill are cash projects. We are not creating any debt on any other project, and we did not propose the creation of any debt because given the financial condition of the state, it is not prudent fiscal management to increase the debt of the state, the University System or anything else. If you chose to create a debt the most economical way to do it is through general obligation tax exempt bonds. If you approve this project you are committing future operating budgets, real money, to the repayment of this debt. She said, I would also point out the Senate State Administration Committee killed a bill that would have allowed this kind of financing for energy retrofit projects.

Senator Haffey asked, are you suggesting then that among other things we ought to consider 1. rejecting the proposal; 2. having the education subcommittee on appropriations reduce the operating budget savings they made which has in it the amount they save on having done a good job on their

gas utility contract process? Ellen Feaver said, I didn't really understand what you are saying. Senator Haffey said, the commitment of the future operating budget -- they are being allowed so far through the appropriation process to take this money and use it, either use it for an obligation like this kind of financing or use it for something else. They are being allowed to keep some of the money saved.

Ellen Feaver said, this is not the most cost effective way of doing it.

Senator Boylan said, I can't believe how complicated this thing has become. Senator Story introduced a bill in last session of Legislature to use pellets to fire up MSU as a cheaper form of energy, so then the power company comes along with interruptible energy, gave MSU a lot better deal and they didn't go with the pellets. So to go with the interruptible energy they had to put in some propane fixtures so they could take advantage of the interruptible energy. They went into a contract, and the Legislature knew it and it was a great savings in energy and energy costs, so now they have made the contract to do this and here we come with this and we cannot let things operate to save the state a lot of money. I can't understand why we can't solve problems and save money. That's all this thing is, no matter how you do it.

Senator Keating asked, what would you use as collateral if you borrow this up front money? Mr. Roloff said, we would retire our loan project the same way we are our boiler project. We are going to pay for this with energy savings.

Senator Keating asked, other than utility savings, is this retrofit plan -- does it have any other value or purpose? Mr. Roloff said, we have two other things built into the benefit. First, we don't have any sort of centralized "trouble shooter". If we have a fire or a chemical spill or anything else it is not centrally located. This would set the alarms on the campus into the system. This is made up of the 1200 contact sensor monitor switches on the campus. Fans, etc. This would be centralized in this system.

Senator Himel asked, have you negotiated an interest rate on this proposed loan? Mr. Roloff said, we wouldn't do that until we had a firm cost estimate from our engineers as to the cost of the project.

Senator Regan asked, has the engineering work -- the planning been done? Mr. Roloff said, no, only the preliminary work. Senator Regan asked, have you hired a contractor? Who is doing the planning for you? Mr. Roloff said, at this time we do not have a contractor to do the final planning of the system. Senator Regan asked, did you have some preliminary work done and was told, yes. Senator

Regan asked, who did the preliminary work? Mr. Roloff answered, Sunny Hanson, and it was on energy conservation. Senator Regan asked, how much did that involve? Mr. Roloff answered, it was about a \$24,000 project to look at about 8 elements of energy conservation. This was one. Another one happened to be the wood pellet project. Senator Regan said she would like to follow up -- how much more would be required for you to complete planning so you can call for bids? What would be the total fee for the engineer to do this work? Mr. Roloff said, our estimate for engineering is about \$120,000 but it includes all of these inspection things done during the contract projects.

Senator Regan said, this is almost a \$2 million project. What percentage do you pay for engineering? This figured out to be 6%. She asked, has any consideration been given to authorizing you to use the savings and continuing and getting the total plan, working drawings -- the whole bit -- to get those done and then to come in and ask the appropriation committee next time to be included in the Long Range Building. Mr. Roloff asked, for a cash appropriation? Senator Regan said, for something that is up front more. Something that gets some funding other than your incurring a debt which we must continue to provide funds for so that you can pay it off. Mr. Roloff said, that has never been a consideration. Senator Regan asked, could it not be? He answered, I think probably what drove us to make up the type of proposal you are dealing with here today was the fact that this year our electrical year is going to be 1.1, next year 1.2, and then 1.3. If we can save 10% our interest is to start as soon as possible to save that. We felt this would be better because we were not asking for cash money. Senator Regan said, but you are asking for cash money. Two years from now we will be appropriating money that you need until it is paid off.

Senator Gage, to Ellen Feaver, said, you indicate that should we decide to go along with this probably other agencies would be coming in in the future with the same proposal. My question to you is, what kind of an energy management control system on a state wide basis, as far as planning is happening so that at a point we could go in and say we are going to sell \$10 million worth of bonds to finance this whole thing for all these agencies? Ellen Feaver answered, in fact, for the Capitol Complex every time we have gone step by step in doing energy management projects here, through the cash program. So we have been working at it here and at the various institutions. We have also appropriated money along the way for energy management there. It may be because the other campuses aren't as big as MSU -- it wasn't a \$2 million project, but we have been doing this through our health, safety and maintenance projects all along, but we have been doing it with cash.

Senator Story said he would like to ask Mr. Sunny Hanson to speak to this subject since he was here.

Sunny Hanson, an engineer said, we have been doing the preliminary engineering several years ago and we would like to bring some specifics into it. The \$125,000 that we did for the preliminary engineering involved a study of the type of central plant operation at MSU. Bringing in the wood pellets was a recommendation among others. It also included an evaluation of the electrical distribution system, going through and doing a preliminary interview audit on all the buildings down there, so it was quite an encompassing report. On specific energy management, this is the control of energy, not energy improvements like health and safety. What Mrs. Feaver was referring to was improving the facility, but an energy management and control system is basically the control system you have on the wall. He said you measure and perhaps reduce the water temperature, etc. Some of the other states, Washington for example, that will come in, make the estimates, do the work and you pay for it out of the savings.

Senator Boylan said, the biggest savings was the interruptible power savings from Montana Power. That is the rate you would get from Montana Power -- if you did this retrofit. Mrs. Hanson said there is another savings going around with natural gas, and that is in the Eastern part of Montana, for large installation we are now able to enter into a contract for natural gas with a company down in Oklahoma and they use Montana Dakota Utilities to drop the service, and that makes it quite a savings.

Senator Regan said, I have a question dealing with electric energy since it seems that is one of the areas where you can save. Would you expand on electric energy in these buildings. Certainly it is more than just turning off the lights. Mr. Hanson answered, actually the lights are one of the smallest parts. A big savings would be the operation of motors. One of the things you have that is very inefficient in the bigger facilities is the operation of a motor. We can change that down, drop that. On dual duct systems we have variable fans, we can then control and back them off into certain positions. In the SRS building right over here, we finished that study in the fall and we are going to be able to reduce that just about 50%, and it is strictly because of the motor operation.

Senator Van Valkenburg asked President Tietz, is it possible under the language that is being proposed here about repayment that repayment of this loan could come from any source other than energy savings? President Tietz said he would have to defer that question to Mr. Isch, our director of Administration. Senator Van Valkenburg asked before they deferred to Mr. Isch, if energy savings associated with this

management control system are insufficient to meet the debt service. How are you going to repay this debt?

Jim Isch, MSU said, we're going to underwrite the project with the facility, there is no question about that, but energy savings -- rather than just taking the energy savings from one specific project, we're willing to pledge the \$126,000 we will be savings on our previous energy retrofit to this project to ensure there can be no problem. He said, the language that you may be uncomfortable with would be "auxiliary funds"? The reason we put that in is because we charge back about 1/3 of our energy costs to dormitories and student housing facilities, and they will be helping to pay back the cost of this, but they will pay back no more than what they are currently being charged now.

Senator Regan said she felt this had had a good discussion and perhaps there were other items the committee would like to ask Representative Thoft about.

Senator Thoft asked if he could just make a couple of comments about this. He said, MSU came to me about this, and as chairman of the committee I said I would not even let it be considered unless the Education subcommittee had given approval since after all, it was their money we were appropriating. I got the assurance that they had considered this and had no problem with it and I accepted that. He said he felt this was just a good proposition, and the other issue was they did not have that much money in the cash account.

Senator Regan asked, are there any Exxon funds being used in any of this long range building, retrofit, or what is happening to that? Representative Thoft said that is all in House Bill 621 which is a bill by Representative Quilici, and no, I don't think there is any money in there for this type of thing. It is more for weatherization, LIEAP, and that sort of thing. Madalyn Quinlan said, there is \$2 million for the institutional conservation programs, but it does not overlap with projects in this bill.

Senator Jergeson asked, in the Education subcommittee we were told that the Long Range Building Program committee was taking care of this asbestos problem through the Department of Administration at Eastern and Northern and the ceiling at the guy at Eastern. Representative Thoft said they only had \$500,000 for this. It was a blanket appropriation and it would be allocated according to need.

Senator Jergeson asked Ellen Feaver, how are you allocating the \$500,000? Ellen Feaver answered, We have not identified specific priorities at this time. \$500,000 is a drop in the bucket to take care of our asbestos problem in the state, and this is authorized as explained, as projects are

presented to us we will make decisions on priorities. We also have state wide studies for state buildings and the University System and they are a separate study of the asbestos problem, and those studies will also help us to identify the greatest health problems.

Senator Bengtson asked, I am not sure on the new language in the bill but I was interested in demolition and I was wondering if you could address what is happening on Twin Bridges. When we heard the bill we understood there were some buildings down there that should be demolished also. Representative Thoft said that actually this was a list to do in the last session and none of it has happened so we pressed for approval this session. As far as Twin Bridges is concerned, I think that is \$12,000.

Senator Keating asked, on the asbestos situation, is the problem, like the problem with the motor vehicles building in Deer Lodge. Are they in the Capital Improvements program for some of this money? Representative Thoft said, Representative Thoft said there is \$75,000 appropriated for that particular project.

Senator Gage said, in the 1983-'84 interim I was on the Coal Tax Oversight committee, one of the things that Fish, Wildlife and Parks came into our committee on was to request us to get a bill that would change that Park Acquisition fund from purchase to maintenance and purchase. At that time the Fish, Wildlife and Parks representative at that hearing said we've got more than we can maintain now. We don't want to purchase more property because we have more than we can maintain now, yet I see in this bill \$409,000 for additional fishing access site acquisitions. Don't you still have a maintenance problem, or too many sites to maintain now? Representative Thoft said, that issue was acquisition of additional park site and the Kleffner acquisition. That acquisition would have had some specific maintenance on it. This isn't that at all. The fishing site doesn't require maintenance like something like that would. There is a good deal of difference between the two.

Senator Himsl said, there is a small item on page 3. Couldn't the federal funds do the same thing here? Representative Thoft said he did not know the answer. Jim Flynn, Director Fish, Wildlife and Parks said, that technically should be federal and private revenue funds. We had heard this project through the Long Range Building committee. This was for the centennial and we would solicit private funds and if we did not get them we would not do the project. In addition there is the centennial project that would be funded at Harlowton with conservation funds in that same line item.

Senator Himsel said, we are talking about the centennial funds. Centennial funds are federal funds? Mr. Flynn said, we've got two different things in that one line item. The one is the potential of getting some private funds to redo the flower display in front of the State Capitol with respect to the state's centennial, we would like to put the Montana seal with the centennial logo in that same area. That is the one project. The other one is the local project in Harlowton.

Senator Tveit asked, on the development of Wildlife management and Parks, if someone would explain the real estate trust earning column. Mr. Flynn said in 1981 the Legislature at their request established a real estate trust account. That account was to take any earnings by the Department of Lands and to any sale of the Department of Lands and put them into this real estate trust account, the interest of which can be used to operate and maintain the parks. Some of the earnings are accrued on wildlife management areas such as grazing leases on the parks, etc. The interest earnings go back into the area they were accrued from.

Senator Harding said she had a question regarding the boat facility program. Mr. Flynn said, specifically where it is going or is to go -- we anticipate using a good share of that on the Ft. Peck Reservoir and two sites on the Yellowstone River up around the Billings area on the Spokane Creek. This is a new ongoing fund source at the federal level that we will be appropriating money out of unless the feds change their minds on the funding source.

Senator Harding asked, how is it determined who receives it. What is the priority. Mr. Flynn answered, we have solicited from local governments and local organizations etc.

There were no further questions and Senator Regan declared the hearing closed on House Bill 5.

CONSIDERATION OF HOUSE BILL 6: "AN ACT APPROPRIATING MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR GRANTS FOR DESIGNATED PROJECTS UNDER THE RESOURCE INDEMNITY TRUST GRANTS PROGRAM; PRIORITIZING GRANTS AND AMOUNTS; AND ESTABLISHING CONDITIONS FOR GRANTS." Representative Thoft, House District 63 and chief sponsor of House Bill 6, said this is the RIT bill. (Resource indemnity trust) He read the sheet attached as exhibit 1, House Bill 6. He added that although the bill is out of balance and is \$524,365 in the red that he felt it could be brought into balance with very little effort. He said there are 26 projects in the bill and that many of the projects are streambank reclamation, monitoring, and reclamation. Page 2 of exhibit 1 was his reference.

There were no proponents to House Bill 6, and Senator Regan asked if there were opponents.

OPPONENTS TO HOUSE BILL 6: Commissioner John Driscoll from Southwestern Montana said he was rising not really to oppose the bill but to suggest some better ways to spend the money. He said he would like the committee to consider the possibility that the reason Montana's economy was in such dire straits was not because of the anti business attitude but because we were a part of a much larger phenomenon that has hit the country. He said he had been asked to participate and attend a meeting with 20 people from around the world and they discussed what the country would look like through the year 2000. He said our basic industrial categories are on the skids and cannot compete with international market, and that includes Agriculture and Mining. He said he felt the only chance we had was to take our country's edge in advanced technology and apply it to basic industrial projects. He said in Montana he felt we would accomplish the most would be to replicate the smelter in Anaconda and how to clean water. He mentioned the amount of workers who had been employed there and the spin off that resulted. He said there is probably a \$15 billion industry started in the United States over clean water, and this group felt they might have a new resource in Montana, and that is a site to develop new water cleaning technology for that market. His proposed amendments are attached as exhibit 2.

Representative John Cobb, House District 42, said Senator Tveit passed a bill that basically exempts oil and gas from the MEPA (Montana Environmental Protection Act). It is in the House and will be heard today. I have an alternative bill that would not exempt oil and gas from MEPA, it would go through a programmatic review. The Department of Natural Resources would go through a total review of the state and tell where you can drill and where you can't drill for mitigation factors you have to take into consideration to drill. The bill has a \$200,000 appropriation that came out of Representative Thoft's money. We went to Representative Thoft and found he didn't have any more money, so when I went back to State Lands and asked them to find money, and that is why it is here. Basically State Lands said they would give up #21 on the list, their hydrogeological efforts of surface coal mining in SE Montana of \$143,000 and transfer that to this impact statement program. The second amendment, there is a grant to the Governor's office in the Cabin Creek Reference to the International Joint Commission for \$40,000 to be used by the Board of Oil and Gas Conservation for a Programmatic Environmental Impact Statement. They have about \$40,000 and it is going to revert back July 1, and they want to use that. That would be about \$180,000 for this program. If you pass these amendments you

will have to kill Senator Tveit's bill or possibly dilute it.

George Ochenski, Montana Environmental Information Center (MEIC) said, in the introduced House Bill 6 on page 6 and going on to page 7 there was original language which reappropriated \$632,000. We authorized it, and this was supposed to be used for the study of a hazardous waste management options in Montana. \$115,000 for study was done, using that part of \$800,000 which was appropriated last session and the conclusions of the study specifically addressed how Montana should handle it's hazardous waste scenario. The recommendations of that study suggested that we have public ownership and private operation as the preferred management option for the identified facility. Public siting and protection of the facility is reducing greatly the perceived business risk associated with a facility development. The administration, in what I consider to be a very unsubstantiated policy decision decided to revert that money and let the private sector take care of the collection and transfer of hazardous waste in Montana.

Mr. Ochenski said the problems with the decision was that it turned over the recommendations of the study which was fairly exhaustive of what is going on in Montana, and we have literally no regulatory economic handle to be sure that the regulated community of hazardous waste generators will be fully served. He explained that some of the wastes are profitable to handle and some are not, particularly where we deal with very small quantity generators, and we do not know if everyone producing waste is going to get service by the private sector. He said he felt they should revert to the original proposal of the bill. We have made a major policy change here without consulting the regulated community. He said to his knowledge there was nowhere in the Legislature have a regulated community that does not get a chance to speak on how they want to be served.

Representative Hannah handed out his exhibits attached as # 4 and # 5 and said, the reason I am before you is because of the direction the House has been going in trying to provide a little oversight and regulatory control over what you will be hearing on the Senate floor pretty soon; the temporary storage and transfer of hazardous waste. We have a facility that is going up in Billings and a facility that is going up in Rocker, outside of Butte. Both were designed because of changes that were made nationally to collect and transfer hazardous waste materials. We have 2 people in the Department, we are 1 short. We have a situation where there are two people within the Department of Health and Environmental Sciences (DHES) who are based in Helena who are charged responsibility of finding out where the sources of hazardous waste material are. They travel around the

state identifying the sources of the material and letting them know what their responsibilities are for storing it, shipping it and transferring it and getting rid of the residue instead of just dumping it into the local landfill or out behind the garage or whatever. He said there is a facility going up in Billings and there is real concern that it is too far away to provide the over sight that is necessary from the two people in Helena. Are they shipping and complying with the recommendations that are coming out in House Bill 789. Are they doing, in fact, what they said they would do as a private entity. He said he felt they needed a person there to take care of that area and all of eastern Montana.

Representative Cobb said, the amendments that I have give you are two-fold. The second page of exhibit 5 is options for expenditure of hazardous waste management funds and sort of summarizes how I believe the department will spend its money. He said, I am proposing 2 sets of amendments. Amendment set A and set B. In number 1, we would like you to direct the DHES to say, yes we have a facility there and major sources of the material down in eastern Montana and so it is appropriate to put that as a priority to watch what is going on down there. Step #2 would be to fund a position for eastern Montana. There would be an office in Billings. The third thing is a grant program, about a \$40,000 in grants to be administered by the DHES for safety, welfare, emergency plants and those kind of things that the counties may want to adopt.

At this time Senator Himsl took over the chair and asked if there were questions from the committee. Representative Thoft said before questions he would like to comment on these amendments. He said Representative Cobb would eliminate the project for \$143,800 which is in effect, not in the bill, and that certainly deserves some explanation. It was in the bill but the committee felt it should be funded by the Coal Board so we sent that proposal to the Coal Board and it came back and they said they didn't have any money to fund it with. I guess I was in error, as we did not take any action to include this bill, nor did we take any action to take it out. Actually the fund balance does not reflect this project up until sometime last night when we tried to get that all corrected. What this does, is to simply reduce the projects because this project provided part of the \$524,000 deficit.

QUESTIONS FROM THE COMMITTEE: Senator Himsl said, it is in the bill that we have here. Representative Thoft said, yes, I know. Senator Himsl asked, you are asking us to delete that to help bring the bill in balance? Representative Thoft said, yes and not adopt Representative Cobb's amendments.

Senator Keating asked, on the Cobb amendment. What I'd like to know is what is a programmatic environmental impact statement? Bruce Hayden, Senior Administrative Assistant, Governor's Office, said, a programmatic environmental impact statement for oil and gas drilling would be an attempt to take a look on a statewide basis of what the typical impacts of what oil and gas development are and how they are mitigated. The intent here would be to look at some of the border areas -- say the Williston basin and in the Cutbank areas, and perhaps some of the western Montana valleys, describe what the impacts are on ground water, surface water, reclamation projects, etc., and describe how they've been mitigated through stipulations by the Board of Oil and Gas etc. The intention here would be to prevent the Board of Oil and Gas from having to do anything more specific than that at individual wells and hope we would accomplish having one document for the Board of Oil and Gas to refer to that describes how the impact of oil and gas drilling are mitigated. The Board would refer to this document when they go through their approval processing.

Senator Keating asked, what is prompting this idea? Mr. Hayden answered, recognition of the fact that the Board of Oil and Gas needs to comply with environmental policy. We attempted to get the Board to submit this as a RIT project because we felt it was an appropriate use of RIT funds. We feel perhaps with the controversy over Senate Bill 184, that perhaps this is the proper time to have such a document prepared.

Senator Himsl asked, does the Board have that information? Mr. Hayden said, yes, they do. The programmatic would draw on existing documents that are currently there. They have been prepared, and we do not intend to have the Board of Oil and Gas to do any original data collecting.

Senator Keating said, I still haven't had my question answered as to what's happening out there that has prompted the idea that we need this programmatic study from the activities of the Oil and Gas Industry? As I look at the requests from the RIT fund interest which is to be used for reclamation on the various environmental damages that are being done by the various industries. I find the Oil and Gas industry is getting about 8% of the funds to mitigate some of the damages they have done out there. I am wondering why they have to spend money -- I don't think \$142,000 is going to make a very in depth environmental impact study. What had the oil industry done out there that would cause somebody to think there has to be a programmatic study? Mr. Hayden said questions have been continually raised as to why the Board of Oil and Gas does not do environmental studies now. They are an agency of state government, the environmental policy act applies to any agency action in state government, and quite frankly, there is a fear that if

the Board of Oil and Gas does not have such a document to refer to that there may be people who are saying -- wait, before you approve that well you have to go through an environmental process. That process may be just a check list, and that is the way many agencies comply is they determine up front that the act is not of major significance. I think that is probably the case in about 99% if the world's wilderness. The programmatic would be a document that once and for all describes what the impacts are and how they are typically mitigated on a state wide basis.

Senator Keating asked, if such a programmatic statement were done and sitting there indicating that one of our major actions siting and permitting oil and gas locations was not a major action, would then that preclude any action brought? Mr. Hayden said, for most wells the documentation that would be in the programmatic would be sufficient to say no further review is necessary. I don't think a programmatic would solve the problem that every well is well and good henceforth in the state of Montana. I can see cases where wells may be drilled adjacent to Glacier Park or in other sensitive areas where the programmatic will only provide most of the data but not all that is needed. It would put the issue to rest on the vast majority of wells drilled in the state of Montana.

Senator Keating said, but the preliminary environmental review that they require in those sensitive areas is perceived as insufficient and yet a programmatic review is not even as detailed as a preliminary review. Mr. Hayden said to date there has not been a single environmental impact statement written on a Board's decision to issue an application. We had one situation in the state where the Board of Oil and Gas prepared a preliminary environmental impact statement and it was Sohio at Bridger Canyon. In that instance the Board took a look at the mitigations that they would apply and they said that after public review that no impact statement was necessary. Had there been a program in existence at that time, it very likely could have been dealt with much more efficiently.

Senator Keating, when the environmental review was done on the Cenex well on the North Fork of the Flathead under the direction of the State Land Department and that did not preclude an action brought on it. Mr. Hayden said, you are correct and that was a different decision. The decision with Cenex on the North Fork was a decision of whether or not the Board of Land Commissioners should lease that. Dennis Hemmer, Commissioner, Department of State Lands said, you are correct and it didn't preclude them appealing and I still think without getting involved with the suit, if you look at it on its own merits, that document is entirely sufficient for what took place there. Mr. Hayden is

correct, that was done under either Senator Tveit's bill or the alternative it would not have helped with Cenex since that was a decision made under other provisions.

Senator Tveit said first the comment by the sponsor that it is going to tell the oil companies where to drill and where not to drill on private land, and that is a very significant part on whether it is my bill or this bill in dealing between a private company and a private landowner and have the Department of Natural Resources tell them where to drill and where not to drill. I would like to ask you, under the programmatic that is going to say you will divide this state into 4 or 5 regions and then have this plan under the programmatic that says you can drill all you want to here and maybe there, etc. You say drilling an oil well is a major action. I am asking you -- is it a major action drilling an oil well on private property? Mr. Hayden answered, the drilling of an individual oil well -- the decision as to whether or not that is a major action is made by the Board every time they make an application to drill. If it is a significant action, I would attest that in 99% of the cases it is not a significant action, the review would consist of probably nothing more than a simple check list and reference to the programmatic. The programmatic would not spell out what areas in the state the drilling may or may not occur in. It would describe what the typical impacts are for the areas. Drilling in a riparian area for example, drilling in an area that is adjacent to a wild and scenic river, drilling in an area that is predominately wheat fields. It would describe how the surface and subsurface impacts are mitigated by the Board of Oil and Gas and we would leave it at that. The decision would still be made by the Board exactly as it is today, there is no intent for a programmatic environmental impact statement to spell out where drilling may or not occur.

Representative Thoft said he would like to ask Mr. Hayden where he intends to get this money since he has seen the balance on this bill and what he would be doing if he moves out other projects. Mr. Hayden said, we intend to take the money from 2 areas. One money is project #21, the Department of State Lands project that is currently on the list, that as I understand it, was on the approved list that came out of the House Appropriations committee. It would be just an across the board substitute. Mr. Hemmer is here to explain that project. The second area as Representative Cobb pointed out, approximately \$40,000 the Governor's office received to participate in the international joint commission on the Cabin Creek Reference. We would be reverting that money. The reason we would be reverting that money is that after we got the approved \$80,000 approved by the last legislative session, we got subsequent funds for the Environmental Protection Agency from the National Park Service that was not anticipated at that time.

Representative Thoft said, I think you are missing the point. You saw these figures with 300 and some odd thousand dollars because this project was not included in these figures because it was not approved by the committee. It was not disapproved so it was in the bill, but the funding was not approved so the money you are taking is not this money but other project money.

Senator Himsl said, it seems to me that it would be the responsibility of this committee to bring this into balance whether we do it with this project or whatever project, but I think we can leave it at that. We will bring it into balance.

Senator Tveit said, now that you mentioned it I see that project is not even in the money. I would like to ask Dennis, a few years ago you came in and strongly supported that measure on ground water on the coal fields down there and I suppose you did again this time. I guess it is a concern and a very important project, the contamination of the waters coming out of Wyoming, and I feel that is a pretty important project. I would like you to comment on the quality of water coming in out of Wyoming and the ground water studies down there. Mr. Hemmer said, there are a number of studies coming through on what's happening to the ground water around the coal mines. One I believe was in last time was a monitoring study. That is not a part of this particular project. This project would basically be an analysis through the geological survey in predicting impacts on coal mining. I think it is still an important study. I have gone along with the proposal in the past years, but the proposal that has been brought up offers another option to looking at oil and gas. I think it is an important issue and can bring about the same results by using the process rather than deleting the process.

George Ochenski said, we were talking about the balance of this program, and I think you have the sheet that shows how everything stacks up and the balance. There have been changes. House Bill 710 will be heard this afternoon and the funding for that bill at 4% will not be requested from this biennium's RIT so that will not be there, that over \$300,000.

Senator Jergeson asked Representative Thoft, are you suggesting this committee might not want to review your priorities and determine that maybe that might be a project that deserved the priority as opposed to maybe planting trees in Butte or something? Senator Thoft said, no. The history this amendment has had through this process to this point. Senate Finance and Claims will make their own decision on these projects.

Senator Van Valkenburg said he would like some response from the Department of Health on the Hannah amendments. He asked if Mr. Opitz could address the question. Bill Opitz, DHEC said, I would think that with the \$212,000 presently in the bill, we had contemplated that \$26,000 of that go toward issuing a request for proposal in the event private enterprise was unable to handle the hazardous waste problem. I would say with the \$212,000 there is probably enough flexibility we could hire the one FTE, put him at the building and have him monitoring Montana Power's facility there plus working with the small generators in eastern Montana. I think we can incorporate the intent of Representative Hannah's amendment and not change the dollar figures from the \$212,000.

Representative Thoft said he could not add a great deal to what Mr. Opitz has said. He made the commitment and the people they hire to work with small generators. This is important, and those same people will have the ability and the qualifications to inspect the building site. They have monitoring wells there and they will test those wells. I think the Department of Health will be able to do a suburb job of monitoring that site without any additional money.

Senator Van Valkenburg asked, Mr. Opitz why are we so concerned about the Billings site. There is never any discussion at all about the Butte site. Mr. Opitz said, first Billings was sited first, then came the Butte site. I think SRM learned an awful lot about siting a hazardous waste station from their Billings experience and I think they've broke down a lot of their resistance on planning and arriving at a site in Butte. Hazardous waste scares people, and I think they did their home work when they sited in Butte. They have two people in Helena and they will be available to go to Butte. It is much easier to go from Helena to Butte than from Helena to Billings and also the person in Billings will be working eastern Montana.

Senator Bengtson said, the Billings experience wasn't all that good either. It has tried to locate at least 2 times in my district and is now on the border of my district, but I think Representative Hannah who proposed this might want to elaborate a little on the Billings experience too.

Representative Hannah said, I agree with Senator Van Valkenburg that if you just want someone to sit down there and watch this facility all alone as a watch dog, then you could send someone from here. If this proposal were to be approved, the real merit of this is you have an office in Billings so that the only other cost you have to accomplish the main goal of the hazardous waste process is to identify sources of that material.

Senator Himsl asked, the abandoned oil refineries, can you identify where these are? Representative Thoft said he did not know it, but they have them in Kalispell and Missoula. Senator Himsl said there was one that had not been there for 50 years and you couldn't even find the site anymore, and he wondered what they proposed to do. Representative Thoft said he thought one of the first things he was trying to do was to determine the responsibility. Dick Anderson said they had found the sites, and there had been federal complaints on some of the old abandoned sites. In the investigation they found the state of Montana had some. The one in Kalispell was pointed out by Exxon.

Senator Gage said there are a number of them in the state. We have one in Cutbank, Shelby has an old abandoned refinery, Kevin has one, Chinook has one -- we have tons of them around the state.

Senator Aklestad said, along the lines of abandoned oil refineries and some of the others on reclamation, I think the committee wanted to be sure we had language in there to try and find the parties that were liable. Representative Thoft said it was the intent of the committee to have that in there.

Senator Van Valkenburg said, when the subcommittee approved every one of these grants it did so on condition that contingencies that were established through the recommendation process were met. It is clearly the Legislative intent that those contingencies be met.

Senator Himsl declared the hearing closed and the meeting was adjourned.



Senator Reed, Chairman

ROLL CALL

50th LEGISLATIVE SESSION - - 1987

Date 3-20-87

NAME	PRESENT	ABSENT	EXCUSED
SENATOR REGAN	✓		
SENATOR HIMSL	✓		
SENATOR JACOBSON	✓		
SENATOR BENGTON	✓		
SENATOR STIMATZ	✓		
SENATOR HARDING	✓		
SENATOR HAFPEY	✓		
SENATOR SMITH	✓		
SENATOR KEATING	✓		
SENATOR STORY	✓		
SENATOR BOYLAN	✓		
SENATOR JERGESON	✓		
SENATOR TVEIT	✓		
SENATOR MANNING	✓		
SENATOR HAMMOND	✓		
SENATOR GAGE	✓		
VV	✓		
McL	✓		
Zelner	✓		
Wickham	✓		



STATE OF MONTANA
Office of the Legislative Fiscal Analyst

STATE CAPITOL
HELENA, MONTANA 59620
406/444-2986

JUDY RIPPINGALE
LEGISLATIVE FISCAL ANALYST

March 7, 1987

LONG-RANGE BUILDING CASH ACCOUNT
1989 Biennium

Estimated Beginning Cash Balance		\$2,395,349
Revenues		
Cigarette Tax	\$4,293,000	
Interest Earnings	668,065	
Supervisory Fees	120,000	
Deferred Payments (EMC)	20,000	
Total Revenues		<u>5,101,065</u>
Funds Available for Appropriation		\$7,496,414
Expenditures		
A & E Operating Expenses		\$1,122,773
Projects Approved by LRP Subcommittee		<u>6,246,547</u>
Ending Fund Balance		<u>\$ 127,094</u>

1) The LRP Subcommittee has adopted the executive recommendation with four exceptions:

Eliminated Funding for Yellowstone Airport roof	\$ (65,000)
Reduced Funding for Registrar's Bureau, Dept of Justice	(150,000)
Added Funding for	
Legal Fees and Costs, Montana State Prison	75,000
Water and Sewer Mains, University of Montana	<u>168,400</u>
Net Funding Increase	<u>\$ 28,400</u>

2) The cigarette tax estimate for the 1989 biennium is that of the Legislative Revenue Estimating Subcommittee.

MQ1A:kj:lrba.

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 1
DATE 3-20-87
BILL NO. 5

HB 6
2/20/87

19-Mar-87

Legislative Revenue Estimating Subcommittee
Resource Indemnity Trust Interest
1987 and 1989 Bienniums

	1987 Biennium	1989 Biennium
	-----	-----
Beginning Balance	\$2,098,067	\$706,671
DHES Carry-over		443,000
RIT Grant Reversion		420,313
Revenue	14,174,015	13,097,000
	-----	-----
Total Funds Available	\$16,272,082	\$14,666,984
 Expenditures		
30% Water Development	4,252,205	3,929,100
6% Hazardous Waste	850,441	785,820
Agency Operations	4,619,285	3,783,168
DWC Silicosis Benefits	1,181,800	1,131,600
House Bill 952	232,892	
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	3,488,961
	-----	-----
Total Appropriations	\$15,565,411	\$13,613,649
 Ending Fund Balance - Current Law	\$706,671	\$1,053,335
	=====	=====
 Pending Legislation:		
House Bill 777 (Ream)		
6 % for Superfund		\$1,228,820
House Bill 718 (Harper)		
4 % for Environmental		
Quality Protection Fund		\$348,880

Total Possible Reductions		\$1,577,700

Ending Fund Balance if Pending Legislation Passes		(\$524,365)
		=====

SENATE SERVICE AND CLAIMS
EXHIBIT NO. 1
DATE 3-20-87
BILL NO. 6

Table 12
Resource Indemnity Trust Projects
1989 Biennium

Rank	Project/Applicant	Approved Funding
1	Dept of State Lands - Upper Blackfoot Streambank Reclamation	\$107,000
3	Dept of Health and Environmental Sciences - Clark Fork Monitoring	205,590
4	Dept of Fish, Wildlife and Parks - High Ore Creek Reclamation	198,600
5	Department of State Lands - Snowshoe Creek Streambank Reclamation	107,000
6	Board of Oil and Gas Conservation - Plug Wilkstrand Simer Well #1	19,951
7	Dept of Health and Environmental Sciences - Bannack State Park - Apex Mill Cleanup	101,200
8	Toole County - Reclamation of Oil and Gas Areas	150,000
9	Department of State Lands - Nellie Grant Mine Reclamation	84,900
10	Dept of Health and Environmental Sciences - Abandoned Oil Refineries	300,000
11	Department of Fish, Wildlife and Parks - Cataract Creek Reclamation	21,565
12	Sheridan County Conservation District - Reserve Pit and Oilfield Assessment	100,000
13	Board of Oil and Gas Conservation - Plug - Sunburst Disotell Well #1	55,000
14	Board of Oil and Gas Conservation - Plug Well Leaking Gas	46,330
15	Montana State Library - Natural Resources Information System	177,970
17	Montana Salinity Control Association - Montana Salinity Control Program	300,000
19	Butte-Silver Bow Government - Anselmo Mine Reclamation	150,000
20	Lower Musselshell Conservation District - Groundwater from Abandoned Mines	272,320
21	Department of State Lands - Hydrogeochemical Effects of Surface Coal Mining in SE Montana	143,800
22	Dept of Natural Resources and Conservation - Sodium and Salinity Sources in Pwdr River Basin	89,257
23	Department of State Lands - Drill Hole Reclamation	100,000
24	Dept of Natural Resources and Conservation - Soil Survey Program	300,000
25	Governor's Office, Deer Lodge County, & Headwaters CD - Clark Fork Reclamation	130,000
30	Montana Bureau of Mines and Geology - Deep Aquifer Databases	155,950
31	University of Montana, Botany Department - Biotic Resources of Upper Clark Fork	26,638
33	Butte-Silver Bow Government - Urban Enhancement/Urban Forestry	100,000
--	Montana Bureau of Mines and Geology - Low Grade Bentonite for Shot Hole Plugging	45,890
Total Project Funding Approved		<u>\$3,488,961</u>

SEE LIST OF CLAIMS AND CLAIMS

EXHIBIT NO. 1

DATE 3-20-87

BILL NO. HB 6-892

MQ:kj:ritp.

PUBLIC SERVICE COMMISSION

2701 Prospect Avenue • Helena, Montana 59620
Telephone: (406) 444-6168

John B. Driscoll, Commissioner
District 4

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 3-20-87
BILL NO. 6

March 20, 1987

Senator Pat Regan
Senate Finance and Claims Committee
Montana State Senate
Helena, Montana

Madam Chairman:

The amendments that I suggested in the hearing on HB 6 today, are as follows:

1. On Page 2 line 24, insert new language as follows:

MILE HIGH CONSERVATION DISTRICT

Berkeley Pit Reindustrialization Project \$125,000

2. In the grant amounts given for each of the subsequent line item projects do the following:

Equally adjust downward all grant amounts by the percentage necessary to have the sum of the reductions total \$125,000.

My thanks to you and the other members of the Committee for their attention to this proposal.

Sincerely yours,


John Driscoll
Commissioner

Copies: Members of Senate Finance and Claims Committee

SENATE FINANCE AND CLAIMS
 EXHIBIT NO. 19442 - HBS
 DATE 3-20-87
 BILL NO. HBS

20-Mar-87

Long-Range Planning Subcommittee
 Capital Construction Program
 1989 Biennium

Capital
 Projects
 Funds

Other Appropriated Funds

Agency \ Project

Department of Administration

Asbestos Abatement, Phase II \$500,000
 Replace Roofs, Capitol Complex 103,500
 Handicapped Modifications, Capitol Complex 235,700
 Fire Protection, Capitol Complex 50,000
 Energy Retrofit

200,000 Federal

Montana School for the Deaf and Blind

Improve Handicapped Access 32,800

Department of Fish, Wildlife and Parks

Boat Facilities Program 50,000 FM & P License Fees
 Develop Property 140,000 Federal
 Fishing Access Site Protection 379,000 Real Estate Trust Earnings
 Creston Hatchery Supplemental 150,000 FM & P License Fees
 Improve Regional Headquarters 150,000 Federal
 Helena Office Mechanical Supplemental 225,000 FM & P License Fees
 Construct Region 1 Headquarters, Kalispell 41,000 FM & P License Fees
 Construct Region 5 Headquarters, Billings 65,000 FM & P License Fees
 Improve Warehouse Complex 1,400,000 FM & P License Fees
 Improve Waterfowl Habitat 1,200,000 FM & P License Fees
 Improve Big Horn Sheep Habitat 80,000 FM & P License Fees
 Centennial Projects 425,000 Wildlife Earned Revenue
 Ashley Creek Headgate 179,000 Wildlife Earned Revenue
 Fishing Access Site Acquisitions 50,000 Federal
 31,500 FM & P License Fees
 409,000 Fishing Licenses

Department of Justice				
Upgrade Registrar's Bureau, Deer Lodge	75,000			
Department of Labor and Industry				
Repair Cracking, Great Falls Job Service	30,000	Federal		
Remodel and Weatherize Job Services, Statewide	135,540	Federal		
Helena Job Service Office Expansion	250,000	DOLI Bond Proceeds		
	67,000	Federal Reed Act Funds		
	103,000	Federal		
Department of State Lands				
Repair Projects, Stillwater	28,200			
Department of Military Affairs				
Replace Roof, Chinook Armory	45,000			
Federal Spending Authority	300,000	Federal		
Armory Storage Additions	300,000	Federal		
University System				
Fume Hood System Problems, Montana Tech	124,000			
Renovate Fire Alarm Sysytems, MSU and MMC	73,000			
Eliminate PCB, EMC	20,000			
Replace/Repair Roofs, Statewide	990,000			
Improve Handicapped Accessibility, EMC & MMC	156,100			
Improve Electrical Distribution, Phase I, MSU	1,229,300	623,900	Auxiliary	
Install Exhaust System, NMC	50,000			
Repair Projects, MMC	78,100			
Major Maintenance, AES	160,000			
Water and Steam Mains, UM	168,400	15,600	Auxiliary	
Energy Management Control System, MSU		1,890,000	Plant, Auxiliary and/or Loan	
	\$6,246,547	\$10,570,240		\$16,816,787
	=====	=====		=====
Total Long-Range Building Projects Approved				

Amend House Bill No. 5, Third reading copy (blue)

1. Page 6, line 3.
Following: "ADDITIONS"
Insert: ", Statewide"
2. Page 6, line 16.
Following: "1,890,000"
Insert: "Plant, Auxiliary, and/or Loan"
3. Page 7, line 20.
Following: "\$200,000"
Insert: "Architecture and Engineering Construction State Special Revenue"
4. Page 5, line 16.
Following: line 15
Insert: "Purchase Law Enforcement Academy, Bozeman
127,000" (insert under CPF)
"168,032 Motor Vehicle State Special Revenue" (insert under
Other Appropriated Funds)
5. Page 3, line 14.
Following: line 13
Insert: "Miles City Cool/Warm Water Hatchery Supplemental
81,750 FWP License Fees
245,250 Federal" (insert sums under "Other Appropriated Funds")

Amend House Bill No. 5, Third reading copy (blue)

Page 6.

Following: line 16

Insert: "The MSU Energy Management Control System project will be financed under the authority of the Board of Regents with plant funds, auxiliary funds, or conventional lending, or a combination of such financing sources, on which the debt service will be retired with plant and auxiliary funds. The Department of Administration may not award a construction contract for this project until the Board of Regents has approved a financial plan that is based upon an engineering analysis and statement of projected energy savings. The annual conventional lending repayment requirement may not exceed the total estimated net annual savings contained in the MSU plant budget base.

Any debt incurred in financing the project does not constitute a liability or obligation or a pledge of the faith and credit of the state but is payable solely from revenues or funds of MSU generated or received for purposes of financing the project. An obligation issued under this part must contain on the face thereof a statement to the effect that the state of Montana is not liable on the obligation and the obligation is not a debt of the state and neither the faith and credit nor the taxing power of the state is pledged to the payment of the principal of or the interest on the obligation."

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 2
DATE 3-20-87
H. BILL NO. 5

HB 6
24th 3-20-87

3/19/87

Amendment to HB 6 (Third Reading)

- 1. Page 4, lines 17, 18, 19
 Strike: DEPARTMENT OF STATE LANDS
 Hydrogeochemical Effects of Surface Coal
 Mining In Southeastern Montana \$143,800
 Insert: BOARD OF OIL AND GAS CONSERVATION
 Programmatic Environmental Impact Statement \$143,800

- 2. Page 7, line 21
 Insert: Section 5. Reauthorization of a grant. (1) A grant to the Governor's Office for the Cabin Creek Reference to the International Joint Commission is reauthorized in the amount of \$40,000 to be used by the Board of Oil and Gas Conservation for a Programmatic Environmental Impact Statement.

Re-number Subsequent Sections

Handwritten signature/initials

SENATE FINANCE AND CLAIMS
 EXHIBIT NO. 3
 DATE 3-20-87
 BILL NO. 6

3/19/87

Amendment to HB 879 (Introduced Bill)

1. Page 3, line 5
Strike: \$200,000
Insert: \$183,800

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 3
DATE 3-20-87
H BILL NO. 6 - pag 2

House Bill 6
Amendments to Third Reading (Blue) Copy
Representative Hannah

AMENDMENT SET A.

1. Page 5.
Following: line 24
Insert: "

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Grants to local governments for emergency
planning for hazardous waste facilities. \$40,000"

2. Page 7, line 6.
Following: "GENERATE"
Insert: "and to assess the effectiveness of the private sector in providing hazardous waste management services to small-quantity generators"
3. Page 7, lines 9 and 10.
Strike: "COORDINATION" on line 9 through "(C)" on line 10
4. Page 7, line 13.
Following: "EFFORTS"
Insert: "; and (c) development of a report that assesses the availability of hazardous waste management services to small-quantity generators, analyzes the effectiveness of the private sector in meeting the needs of generators, and offers recommendations for any appropriate state action."
5. Page 7.
Following: line 20.
Insert: "(3) A grant to the department of health and environmental sciences in the amount of \$80,000 is authorized for funding a 2-year staff position, to be based at the department's Billings office and to work primarily in eastern Montana to assist with an inventory and education program for small-quantity hazardous waste generators and to monitor operations that collect, store, or transfer hazardous wastes for commercial purposes."

SENATE FINANCE AND CLAIMS
EXHIBIT NO. _____
DATE 3-20-87
BILL NO. 6

House Bill 6
Amendments to Third Reading (Blue) Copy
Representative Hannah

AMENDMENT SET B.

[Note: Amendment Set B is the same as Amendment Set A with the addition of amendments #2 and #6]

1. Page 5.
Following: line 24
Insert: "

DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES

Grants to local governments for emergency
planning for hazardous waste facilities. \$40,000
2. Page 7, line 3.
Strike: "\$212,000"
Insert: "\$132,000"
3. Page 7, line 6.
Following: "GENERATE"
Insert: "and to assess the effectiveness of the private sector in providing hazardous waste management services to small-quantity generators"
4. Page 7, lines 9 and 10.
Strike: "COORDINATION" on line 9 through "(C)" on line 10
5. Page 7, line 13.
Following: "EFFORTS"
Insert: "; and (c) development of a report that assesses the availability of hazardous waste management services to small-quantity generators, analyzes the effectiveness of the private sector in meeting the needs of generators, and offers recommendations for any appropriate state action"
6. Page 7, line 18.
Strike: "\$212,000"
Insert: "\$132,000"
7. Page 7.
Following: line 20.
Insert: "(3) A grant to the department of health and environmental sciences in the amount of \$80,000 is authorized for funding a 2-year staff position, to be based at the department's Billings office and to work primarily in eastern Montana to assist with an inventory and education program for small-quantity hazardous waste generators and to monitor operations that collect, store, or transfer hazardous wastes for commercial purposes."

PRIVATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 3-30-87 R92
BILL NO. 6

Statement of Intent
House Bill 6

It is the intent of the legislature that any funds appropriated to the department of health and environmental sciences for the project titled "grants to local governments for emergency planning for hazardous waste facilities" be used as follows:

(1) Projects eligible for grants include hazardous materials emergency response training, development of emergency response teams and contingency plans, and acquisition of safety equipment.

(2) Priority must be given to emergency planning related to hazardous waste facilities or operations.

(3) Projects must involve coordination among local agencies, including the fire service, civil defense coordinators, and other appropriate public safety agencies.

(4) The disaster and emergency services division of the department of military affairs and the state fire marshal must participate with the department of health and environmental sciences in the evaluation of project applications submitted by local governments.

(5) Individual grants may not exceed \$10,000.

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 4
DATE 3-20-87
/4 BILE NO. 6 3

Representative Hannah
Senate Finance and Claims Committee
March 20, 1987

HOUSE BILL 6:

OPTIONS FOR EXPENDITURE OF HAZARDOUS WASTE MANAGEMENT FUNDS

I. Existing Language (HB 6, third reading copy, section 4)

Total DHES Appropriation: \$212,000

Proposed Uses and Budget Elements:

— Waste Minimization Technical Assistance

Approach: conduct waste stream audits and industry-wide studies; develop and distribute technical information on waste reduction and alternative technology; conduct related seminars and workshops

Biennial budget: \$115,000

— Public Information

Approach: newsletters and fact sheets for hazardous waste generators; compliance manuals; expanded waste exchange efforts; public service announcements; awards program

Biennial Budget: \$ 61,000

— Maintaining Option for State-Owned Facility

Approach: continue present study through development of bid specifications; solicit proposals for private contractors to construct and operate a state-owned hazardous waste collection and transfer facility, if private sector fails to provide adequate service; seek funding for the facility from the 1989 Legislature, if needed and feasible

Biennial Budget: \$ 36,000

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 5-1-89
DATE 3-20-87
A BILL NO. 6

