

MINUTES

MONTANA HOUSE OF REPRESENTATIVES  
51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By Chairman Gary Spaeth, on January 31, 1989, at  
8:00 a.m.

ROLL CALL

Members Present: All members were present.

Members Excused: Representative Swift excused at 8:30.

Members Absent: None.

Staff Present: Carl Schweitzer, LFA; Jane Hamman, OBPP; Donna  
Grace, Committee Secretary

HEARING ON FISH, WILDLIFE AND PARKS

List of Proponents and Group they Represent

Vera Cahoon, Montana Bowhunters  
Gene Allen, FWP  
Julie Hacker, Landowner  
Chuck Virag, FWP  
Dwight Gynn, FWP  
Don Chance, Montana Wildlife Federation  
Arnold Olsen, FWP  
Ron Marcoux, FWP  
Gay Halgirmson, Audubon  
Janet Ellis, Audubon

Field Services Division 42:A (001)

Executive action on this division is continued from January 30.  
LFA analysis is attached as Exhibit 1.

Issue No. 2. Connecting state's mainframe computer to desktop computers. Mr. Allen explained that the Field Services Division is responsible for the personal computers in the department and they would like to be able to tie all 46 computer units into the mainframe. The \$10,400 being requested is the amount the Department of Administration would charge to accomplish this. This would allow for more current and accurate information.

MOTION: Representative Swift made a motion to adopt the executive.

VOTE: MOTION PASSED. All committee members were in favor of the motion.

Issue No. 3. Operating Increases which Correspond to Expanded Capital Programs. This increase was requested for the design and construction bureau who are responsible for developing the specifications for the contracts that are let to maintain and do work on the various land holdings. Over the last two or three years a backlog has built up on work primarily on fishing accesses and some wildlife properties. This would include travel expenses for engineers who must visit the sites. The amount requested is \$27,518. There are certain inspections that are required, as well as a number of dams which are in need of repair and require special inspections. To put together the bid specifications so that a job can be put out to bid cost an average of \$250 per project and they would like to do ten or twelve more projects per year.

Senator Devlin had a question regarding the 20 dams being maintained by the Department. He wondered if there wasn't some duplication of the services provided by the DNRC and suggested that possibly there should be a dam maintenance program located in only one agency. Chairman Spaeth asked Mr. Schweitzer to look at this situation prior to the next session and perhaps it would be possible to set a policy at that time as there are dams in the DNRC, FW&P as well as in the Department of State Lands.

MOTION: Senator Devlin made a motion to accept the executive recommendation set forth in Issue No. 3.

VOTE: MOTION PASSED. All present voted in favor of the motion.

Issue No. 4. Printing of landowner/sportsmen material. Mr. Allen said the landowner/sportsman program has been gradually expanding since it was established in 1986 and has become a very successful and popular program with landowners. There are some brochures, bumper stickers and they would like to be able to expand the number of billboards they now have. Local sportsmens' groups participate in the cost but the department would be responsible for the printing costs.

MOTION: Representative Kimberley made a motion to adopt the executive.

VOTE: MOTION PASSED. All members were in favor of the motion.

Issue No. 5. Postage. Mr. Allen stated the increase in postal rates was reflected in only six months of the base and therefore the LFA estimate was low. Postage is needed for sending out licenses to dealers, drawings and for the many requests for information they receive from both in and out of Montana.

MOTION: Senator Jergeson made a motion to accept the executive

recommendation.

VOTE: MOTION PASSED. All members present voted in favor of the motion.

Issue No. 6. Equipment. Mr. Schweitzer stated that he had based his analysis on a three-year average and he felt there could have been some oversight because of the reorganization in the department. Some computer applications were transferred to this program. The executive has \$94,366 more than the LFA for the biennium. Mr. Allen stated that \$120,000 of computer expenses had not been included in the LFA as Mr. Schweitzer had suggested but he also clarified that some other items such as game damage and operations related to that were included in the budget and should not have been because they were transferred to another division. Included in the request is \$5,000 for game damage primarily for new bear traps, winches, automatic releases on traps and more equipment which is needed for bear handling.

Ms. Hamman stated that she had reviewed the list of requests for game damage equipment as well as the balance of the list the department is requesting which includes a large copy machine for high volume printing in the first year and some computer equipment in the second year. They currently have 158 computer units but they still have a large number of people who do not have them and would make good use of them. This would complete the installation of computers for this department and expenses from now on would be for maintenance only. They are requesting 40 stations. They have also requested laser printers and some computer software. Senator Jergeson asked if they had set any priorities and Mr. Allen replied that the game damage equipment would be the most important, the copy machine second; however, they would prefer to take an across the board cut rather than to specifically eliminate any item.

Chairman Spaeth asked Mr. Schweitzer to meet with the department and the OBPP and come up with another alternative relative to the equipment budget. The matter will be reconsidered when the information is provided to the committee.

Issue No. 7. Livestock Reimbursement Program. Mr. Schweitzer stated that in 1988 they had expended \$3,000 and the LFA had placed the same amount in the budget. The executive reduced it to \$2,000 per year. Mr. Allen stated that they would like to maintain the program at \$3,000 as they have already spent \$3,100 this year and the area in which this program is available has been expanded to statewide so they are expecting more claims.

MOTION: Senator Jenkins made a motion to increase the amount to \$5,000 per year for this program which would be \$3,000 over what the executive had recommended.

VOTE: MOTION FAILED. Devlin, Iverson and Spaeth voted no; all others present voted yes.

MOTION: Senator Jergeson moved the adoption of the LFA recommendation.

VOTE: MOTION PASSED. All present voted yes.

Issue No. 8. Pay Plan Reductions (executive). Chairman Spaeth said this was an issue that would be revisited when there is a pay plan and the policy on vacancy savings has been resolved.

Budget Modification - Expand Block Management. This budget modification would expand the block management program which was designed to provide an incentive to maintain free hunting on private lands. The last hunting season was the third year of the program. The basic intent is to have the department step in and assist the landowner who feels they have reached the limit of their capacity to administer the hunting season on their property. The modification would add 3.30 FTE and \$166,642 of license fees in 1990 and \$166,760 in 1991 to administer the expanded program. Representative Iverson said he thought it was a good program and he expected the program to grow. Discussion followed.

MOTION: 43:A (001) Senator Jergeson made a motion to approve the budget modification.

VOTE: The Chairman called for a roll call vote. Senator Devlin voted no; all others voted yes. MOTION PASSED.

Budget Modification - Fishing and Motorboat Access. This budget modification would fund an engineering position to design site developments for motorboat and fishing access sites to be funded by a portion of the \$1.2 million expansion in Montana's Wallop-Breaux funding. Mr. Allen stated that this money is earmarked for boating sites and motor boat access and will present a lot of opportunities. The modification would allow the department to respond to requests. The modification would provide for one grade 14 engineer and about \$10,000 in operating costs. The funding would be 75% federal and 25% matching state funds.

MOTION: Representative Kimberley made a motion to approve the modification and to review the program in two years.

VOTE: MOTION PASSED. Senator Devlin and Senator Jenkins voted no; all others voted yes.

Budget Modification - Microcomputer Support. Mr. Allen said they have 250 computer users and only one person who is responsible for all the activities associated with the computers. The department is requesting that one FTE, Grade 11 technician, be added for assistance.

MOTION: Senator Devlin made a motion to disallow the budget modification. Discussion followed.

VOTE: The Chairman called for a roll call vote. Devlin, Iverson and Jenkins voted yes; Spaeth, Kimberley and Jergeson voted no. The vote was tied. Senator Jergeson suggested that this matter be discussed further in connection with Issue No. 6, Equipment, when that subject is again brought before the committee. There being no objection from the committee, further action was postponed.

Wildlife Program 43:A (187)

An overview of the Wildlife Program was presented by Arnie Olson, Administrator of the Division. He said the Wildlife Division represents 24% of the department's budget and employs 96.12 FTE. 29% of funding is federal and all funds are obligated to a three to one match. The division is made up of three bureaus, the Management Bureau, Habitat Bureau, and the Research Bureau. Discussion followed. Mr. Olson responded to many questions about wildlife management, disease in animals, endangered animals and environmental issues.

Executive Action:

The LFA Analysis is attached as Exhibit 2.

Issue No. 1. Pheasant Program. The LFA current level does not contain this item because in fiscal 1988 the department expended only \$24,117 and it was proposed that the legislature would wish to revise the program, its direction, and costs. The executive recommendation is for \$1,974,866.

Mr. Olson presented an overview of the Pheasant Enhancement Program which was established by the last legislative session, earmarking dollars from the nonresident bird licenses to go into this program. Exhibit 3. The current law deals with reimbursement to landowners or sportsman's groups of up to \$3.00 per released bird and this is the extent of what the money can be used for. The Division has developed a program to work with private landowners and most of the requests from landowners have been dealt with. They have not, however, received enough requests to spend all the money that was earmarked, approximately \$550,000. A bill has now been introduced which would open up the program to include other upland birds and also provide some incentive programs for private landowners to enhance habitat. Mr. Olson provided copies of a synopsis of activities relating to the pheasant enhancement program, Exhibit 4. Senator Jenkins said that he had been contacted by his local chapter of Pheasants Forever regarding this issue.

Mr. Don Chance, representing the Montana Wildlife Association,

stated that the association had been having major arguments with the Pheasant Forever group on this issue. He said the Montana Wildlife Association was very much in favor of the pheasant bill which has been approved in the Senate and is now headed to the House. He said the Pheasants Forever have historically taken a stand against any bird stocking. The Federation would take a moderate stand and the majority of the wildlife organizations are in support of this position.

Mr. Marcoux explained that the bill which is now in the House would allow the funds which were not used in raising and planting pheasants to be made available for habitat incentive programs. This issue would provide the appropriations to fund the new program.

MOTION: Senator Devlin made a motion to accept the executive recommendation on Issue 1. There was no further discussion.

VOTE: MOTION PASSED. All present voted in favor of the motion.

Issue No. 2. Mt. Haggin Timber Contract. Mr. Marcoux said that there had been some confusion in their coding process and the department had an expenditure of approximately \$60,000 for brush and slash removal. They also had some expenditures in the consulting fee category. They are asking to move the program into a different category and reducing what was spent last biennium from \$80,000 down to \$70,000. This is an ongoing timber contract with Louisiana Pacific near Anaconda and this is the last year of the contract.

MOTION: Representative Kimberley made a motion to accept the executive recommendation on this issue.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 3. Wildlife Habitat. Mr. Olson stated that these funds would come from House Bill 526 which was passed during the last legislative session. The funds are used for maintenance of wildlife property. This is a fairly new program and they didn't have expenditures during the base year. The funds, \$128,034, would be used for county weed control, repair and maintenance of roads and fences and to hire grazing consultants to put together a program for this particular type of property. The other money that is generated goes to taxes, field services and the capital program. The request here is only for the operations budget.

Mrs. Harker, a landowner in the Blackfoot area stated that she would like to ask about the purchase of private land by the Department of Fish, Wildlife and Parks. As a taxpayer she said she resented any time a department of state government takes land for its use off the tax rolls at a reduced price.

She said she would like to suggest a system of leasing the ground instead of taking title so that the land would be kept in the tax base.

Chairman Spaeth suggested that she share her views with the Long Range Planning Committee.

MOTION: Senator Jergeson made a motion to adopt the executive recommendation on issue No. 3.

VOTE: MOTION PASSED. All present voted in favor.

Announcements/Discussion: None

ADJOURNMENT

Adjournment At: 11:05 a.m.

  
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REP. GARY SPAETH, Chairman

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LEGISLATIVE ACTION

BUDGET ITEM	Fiscal 1990		Fiscal 1991		Difference
	Executive	LFA Curr Lvl	Executive	LFA Curr Lvl	
FTE	40.11	40.11	40.11	40.11	0.00
Personal Services	\$1,037,364	\$1,017,391	\$1,040,988	\$1,021,604	(\$19,384)
Operating Expenses	1,344,847	1,306,455	1,388,561	1,325,800	(62,761)
Equipment	132,500	72,858	108,582	72,858	(35,724)
Non-Operating	2,000	3,000	2,000	3,000	1,000
<b>TOTAL EXPENSES</b>	<b>\$2,516,711</b>	<b>\$2,399,704</b>	<b>\$2,540,131</b>	<b>\$2,423,262</b>	<b>(\$116,869)</b>

FUNDING

State Special Rev	\$2,183,748	\$2,066,741	\$2,228,454	\$2,111,585	(\$116,869)
Federal Revenue	214,256	214,256	211,254	211,254	0
Other Revenue	118,707	118,707	100,423	100,423	0
<b>TOTAL FUNDING</b>	<b>\$2,516,711</b>	<b>\$2,399,704</b>	<b>\$2,540,131</b>	<b>\$2,423,262</b>	<b>(\$116,869)</b>

	FTE	General Fund	Gross
1. Increases in drawing applications and license sales.	0.00	\$ -0-	\$48,104
2. Connecting state's mainframe computer to desktop computers.	0.00	-0-	10,400
3. Operating increases which correspond to expanded capital programs.	0.00	-0-	27,518
4. Printing of landowner/sportsman material	0.00	-0-	9,376

5. Postage increase	0.00	-0-	27,938
6. Equipment	0.00	-0-	94,366
7. Livestock Reimbursement Program	0.00	-0-	(2,000)
8. Pay plan reductions (executive)	0.00	-0-	(22,183)

**Budget Modifications**

The executive budget recommends three budget modifications for the Field Services Division. Table B details the budget modifications.

	Fiscal 1990		Fiscal 1991	
	FTE	Total	FTE	Total
		General License Acct.		General License Acct.
Expend Block Management	3.30	\$166,642	3.30	\$166,760
Fishing and Motorboat Access	1.00	9,160	1.00	9,169
Microcomputer Support	1.00	23,262	1.00	23,292
<b>Total Budget Modifications</b>	<b>5.30</b>	<b>\$199,064</b>	<b>5.30</b>	<b>\$199,221</b>

The expand block management budget modification will expand the block management program which is designed to provide an incentive to maintain free private lands. The fishing and motorboat access budget modification will fund an engineering position to design site developments for motorboat and fishing access sites funded by a portion of the \$1.2 million expansion in Montana's Wallop-Breaux funding. The microcomputer support budget modification would fund 1.00 FTE to provide support for department computer users.

LEGISLATIVE ACTION

BUDGET ITEM	Fiscal 1990		Fiscal 1991		Difference	FTE	Difference
	Executive	LFA Curr Lvl	Executive	LFA Curr Lvl			
FTE	94.69	93.94	94.69	93.94	-0.75		
Personal Services	\$2,715,896	\$2,643,943	\$2,728,564	\$2,656,279	(\$72,285)		
Operating Expenses	2,930,511	1,562,447	2,957,167	1,608,645	(1,348,522)		
Equipment	125,324	91,885	134,173	91,885	(42,288)		
Non-Operating	1,826,930	1,175,000	1,823,380	1,175,000	(648,380)		
<b>TOTAL EXPENSES</b>	<b>\$7,598,661</b>	<b>\$5,473,275</b>	<b>\$7,643,284</b>	<b>\$5,531,809</b>	<b>(\$2,111,475)</b>		
<b>FUNDING</b>							
State Special Rev	\$3,563,732	\$2,277,386	\$3,577,443	\$2,295,057	(\$1,282,386)		
Federal Revenue	4,034,929	3,195,889	4,065,841	3,236,752	(829,089)		
<b>TOTAL FUNDING</b>	<b>\$7,598,661</b>	<b>\$5,473,275</b>	<b>\$7,643,284</b>	<b>\$5,531,809</b>	<b>(\$2,111,475)</b>		

	General Fund		Gross
	FTE	Fund	
1. Pheasant Program: The LFA current level does not contain this item because in fiscal 1988 the department expended only \$24,117 and it was proposed that the legislature would wish to revise the program, its direction, and costs.	0.75	\$ -0-	\$1,974,866
2. Mt. Haggin Timber Contract	0.00	-0-	120,000
3. Wildlife Habitat Improvements	0.00	-0-	128,034

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4. Special Revenue Accounts			FTE	General Fund	Gross
	<u>Base Reduction</u>	<u>Overstatement</u>			
A. Wetlands	\$22,000	\$19,080			
B. Sheep	-0-	5,467	0.00	-0-	60,074
C. Non-game	3,769	522	0.00	-0-	55,978
D. Pheasant	4,268	2,920			
	<u>\$30,037</u>	<u>\$27,989</u>			
Base Reduction by LFA					
Overstatement by OBPP					
5. Reduction for Vacancy Savings made by OBPP			0.00	-0-	(35,376)
6. The executive proposes increasing the base because of a mild winter resulting in less flying.			0.00	-0-	181,136
7. High vacancy savings caused low expenditure in the base period.			0.00	-0-	120,758
8. Grizzly bear damage control			0.00	-0-	17,860
9. Higher rates for the new helicopter			0.00	-0-	120,000
10. Private helicopter rate increase			0.00	-0-	12,120
1. Student stipends			0.00	-0-	47,310
2. LCA			0.00	-0-	1,253,000
3. Equipment			0.00	-0-	75,727
4. Differences in contracted services					
- LFA reduced below current level			0.00	-0-	23,087
- Increase above current level by OBPP			0.00	-0-	10,900
5. House Appropriations eliminated 6 positions which resulted in 1.95 FTE being eliminated.			1.95	-0-	106,158

**Budget Modifications**

The executive budget recommends three budget modifications for the Wildlife Division. Table E details the three modifications for fiscal 1990 and 1991 by FTE, the recommended amount of general hunting and fishing revenues to finance the modification, and the total cost of the modifications.

**Table E  
Wildlife Division  
Budget Modifications**

	Fiscal 1990	Fiscal 1991	
	General License Acct.	General License Acct.	Total
	FTE	FTE	
Impact on Timber Sales/Hunting	0.33	0.33	\$16,608
Habitat/Timber Sales Planning	0.50	0.50	16,063
Nongame Program	0.60	0.60	27,814
<b>Total Budget Modifications</b>	<b>1.43</b>	<b>1.43</b>	<b>\$60,485</b>
			<b>\$61,480</b>

The impact of timber sales/hunting budget modification proposes a cooperative project with the USFS and the BPA, to be funded one-third by each participating agency, for the purpose of providing personnel to plan timber sales by the forest service in the Lolo National Forest and the BPA powerline access.

The habitat/timber sales planning budget modification would jointly fund a wildlife biologist with the Department of State Lands (DSL) to implement habitat guidelines for state forest lands on timber sales and to continue training DSL employees for timber sale planning which is compatible with wildlife values and concerns.

The non-game program budget modification is to add 0.60 FTE to help promote the non-game tax check-off by informing the public of the program benefits and to develop comprehensive regional inventories.

**ISSUE 1: CONTINUED FUNDING ON NEW WILDLIFE PROJECTS**

In the current level analysis the Wildlife Division's budget was analyzed from a line-item perspective. The division's budget can also be analyzed from a project perspective. A project is an allotment of funds and personnel to accomplish specifically defined tasks. The \$5,046,300 which the division expended in fiscal 1988 can be separated into 229 projects. Table 8 lists the 229 projects with 213 projects listed in groups and 16 projects which didn't relate to any particular group listed separately.

Table  
Wildlife Project Groups and Individual Project Expenditures

<u>Groups of Projects</u>	<u>Number of Projects</u>	<u>Fiscal 1988 Expenditure</u>
Deer	30	\$ 844,700
Elk	18	843,500
Legislative Contract Authority	38	628,000
Wildlife Management Areas	10	406,800
Regional Administration	8	403,000
Division Administration	2	440,500
Waterfowl/Migratory Birds	13	200,600
Grizzly Bear	8	152,600
Antelope	8	114,300
Furbearers	10	100,900
Upland Game Birds	11	87,500
Non-game	9	76,800
Sheep	13	49,800
Black Bear	7	30,500
Landowner Co-op	3	27,900
Moose	7	24,200
Weed Control	7	20,500
Goats	5	19,600
Mountain Lion	6	17,300
<b>Subtotal Project Groups</b>	<b>213</b>	<b>\$4,489,000</b>

Table 6 - cont'd.  
Wildlife Project Groups and Individual Project Expenditures

<u>Groups of Projects</u>	<u>Number of Projects</u>	<u>Fiscal 1988 Expenditure</u>
<u>16 Individual Projects</u>		
Harvest Surveys	1	\$ 174,800
Mt. Haggin Timber Consultant	1	78,000
Wildlife Laboratory	1	59,800
Hunters' Maps	1	55,300
Bio-Economic Surveys	1	36,500
Research Statewide	1	32,500
Pheasant Enhancement Habitat	1	24,600
Oil and Gas Coordinator	1	22,900
NW Power Act Mitigation Coord.	1	22,500
Deer/Elk/Antelope - Modification	1	21,400
Chisel Plowing Evaluation	1	12,200
Coal Coordinator	1	7,200
Mule/Whitetail/Antelope Dist./Density	1	4,000
Rocky Mountain Front Study	1	3,600
Endangered Species	1	1,900
Small Other	1	100
Subtotal Individual Projects		\$ 557,300
<b>TOTAL PROJECTS</b>	<u>229</u>	<u>\$5,046,300</u>

Projects can be categorized into two types, continuous and one-time projects. An example of continuous projects would be the projects to monitor animal numbers for the setting of harvest quotas. Every year the regional wildlife biologists monitor the numbers of animals within hunting regions to determine the number and types of animals that can be harvested from each region.

An example of a one-time project is a \$46,900 appropriation for a biennial study to determine the statewide effects of archery hunting on elk. The study as approved by the legislature in 1987 was a two-year study to be concluded at the end of fiscal 1989. The project is one of the 18 projects listed as "Elk" projects on Table 8.

is been the budgeting practice in past bienni for the division's budget to be based upon 1 year exper. res of continuous and one-time projects. The u.. of expenditures from one-time projects allows the vision to initiate new projects or expand existing projects without bringing the new or expanded projects to the legislature's attention. For example, the division's 1991 biennial current level includes \$27,228 of expenditures from the one-time archery study. The budget presentation material does not elaborate on which projects receive the \$27,228 of reprogrammed funds, but the expenditures are part of the 1991 current level.

This type of budgeting practice eliminates the legislature's opportunity to evaluate and prioritize all of the new one-time or expanded projects of the division. Some of the expanded and new one-time projects are presented to the legislature in the form of budget modifications. Those budget modifications which the legislature judges to be necessary are included in the appropriations bill. But other divisional projects financed with reprogrammed funds are not evaluated by the legislature.

The result of this type of budgeting practice is that the legislature's flexibility to evaluate, prioritize, and finance the division's projects has been diminished. The legislature has not been shown all of the available financial options when making budgetary decisions.

To allow the legislature greater flexibility in evaluating the 1991 biennial budget a list of seven new projects initiated in fiscal 1989 has been compiled. These projects were not included in budget modifications approved by the legislature but rather represent reprogramming of funds. The seven new projects are budgeted at \$126,152 in fiscal 1989 and consist of \$85,826 state special revenue funds and \$40,326 federal funds. The projects are listed on Table 9. Also listed on Table 9 are eight one-time projects which terminate at the end of fiscal 1989 and seven projects which terminate at the end of fiscal 1990. The fiscal 1988 expenditures for these projects are included in the division's current level even though these projects terminate before or during the 1991 biennium.

Table 9

Wildlife Division Projects Which Either Began in Fiscal 1989,  
Will Terminate at the End of Fiscal 1989, or  
Will Terminate at the End of Fiscal 1990

	<u>State Funds</u>	<u>Funding</u>	<u>Federal Funds</u>
<u>New Projects in Fiscal 1989</u>			
Region 1 Moose Monitoring	\$ 5,000		\$ -0-
South Fork Grizzly Bear Study	10,741		-0-
Noxious Weeds in Big Game Diets	14,410		-0-
Mule Deer Research	13,442		40,326
Cabinet Mountain Fisher Transplant	14,955		-0-
Western Beaver Ecology Study	12,718		-0-
Northwest Otter Study	14,560		-0-
Subtotal New Projects	<u>\$ 85,826</u>		<u>\$ 40,326</u>
<u>Projects Terminating in Fiscal 1989</u>			
Mule Deer Harvest Rate Evaluation	\$ 2,608		\$ 7,823
Elk Harvest Rate Evaluation	2,005		15,015
Red Rocks Moose Study	2,000		-0-
Lone Pine Mule Deer	1,750		5,250
Little Belt Elk	2,500		7,500
Rocky Mountain Front Grizzly	25,165		-0-
Custer National Forest IPA Position	6,181		18,542
Elk Archery Impact Evaluation	4,775		14,325
Subtotal	<u>\$ 46,984</u>		<u>\$ 68,455</u>
<u>Projects Terminating in Fiscal 1990</u>			
Mt. Haggin Timber Consultant	\$ 70,000		\$ -0-
Taylor-Hilgard Bighorn Sheep Study	2,000		-0-
Sweetgrass Hills Evaluation	2,250		-0-
Hunting Districts 441 & 442 Eval.	600		1,800
Mule Deer All. Rate of Harvest	2,000		6,000
Chisel Plowing Evaluation	12,060		-0-
Pesticide Testing - Waterfowl	13,500		-0-
Subtotal	<u>\$ 102,410</u>		<u>\$ 7,800</u>

The legislature does not have to accept the automatic programming of funds. All or some of the new projects listed on Table 9 could be removed from the current level. Likewise, the funds reprogrammed from fiscal 1989 and fiscal 1990 expenditures could be removed from the current level.

If the legislature does remove any of the new projects or reprogrammed funds, then the legislature's flexibility to finance budget modifications or postpone hunting and fishing fee increases is enhanced.

Option A: Eliminate some or all of the new projects started in fiscal 1989. The current level could be reduced by \$85,826 state funds and \$40,326 federal funds in both fiscal years of the biennium if all projects are eliminated.

Option B: Eliminate the funding in the 1991 biennium of projects which terminate at the end of fiscal 1989. If all of the funds of projects which terminate at the end of fiscal 1989 are eliminated from the current level, the current level would be reduced by \$46,984 per year state funds and \$68,455 federal funds.

Option C: Eliminate the funding in fiscal 1991 of projects which terminate at the end of fiscal 1990. If all of the funds of projects which terminate at the end of fiscal 1990 are eliminated from the current level, the current level would be reduced by \$102,410 state funds and \$7,800 federal funds in fiscal 1991.

Option D: Combine all of the previous three options which, if all three are used, would reduce the current level by \$132,810 state funds and \$108,780 federal funds in fiscal 1990, and \$235,220 state funds and \$116,581 federal funds in fiscal 1991.

Option E: Maintain the present current level.

#### ISSUE 1: TRUST LANDS SUBSIDY OF HUNTING AND FISHING ACTIVITIES

In January 1988 the Legislative Finance Committee was presented with a report which analyzed the income earned from the state's trust lands. The report entitled "Trust Lands Income" presented the committee with two main issues. First, were the various trusts receiving a fair market value from grazing leases, and second, would trust income be increased if the trust lands were sold and the assets financially managed? It is from the second issue that this current level issue was developed. Specifically, could the state maximize the trust's income if some of the trust lands where sold and the assets financially managed?

There appears to be an unwritten policy in Montana that under no circumstances should the possibility of selling trust lands ever be considered. This policy was evident at the November 18, 1988 Legislative Finance Committee meeting where a follow-up report to the "Trust Lands Income" report was presented. At that meeting Secretary of State Bertelsen stated:

[selling trust lands] is an issue that I really have very strong feelings about. Now I think we might well look back at what would have happened if the first legislators in Montana's history had decided they were going to sell state lands for about a nickel an acre? What would we have in the trust fund today? ... I think it is ridiculous to sell state lands. As far as ... the future of Montana's people and children ... I think that [selling trust lands] would be a terrible mistake.

This issue, through examples, will show that the policy of not selling trust lands is resulting in trust lands subsidizing hunting and fishing activities.

The first example involves the July 1988 purchase of the Robb Creek Ranch by the Department of Fish, Wildlife, and Parks. The department purchased 17,170 acres of deeded land and the right to lease 10,817 acres of state trust lands and 6,802 acres of federal land. The purchase price for the ranch's 34,789 acres was \$1,820,000. The \$1,820,000 is the appraised value determined by Robert Kembel, an appraiser from Missoula.

Mr. Kembel determined that 15,681 acres of the ranch's 17,170 deeded acres were native rangeland with a value of \$94 dollars per acre. There was no attempt to value the trust lands. The appraiser noted that the 10,817 acres of trust lands supported 3,082 AUM's (Animal Unit Months) or an average of 0.285 AUM/acre, while the 15,681 acres of deeded land supported 4,100 AUM or 0.261 AUM/acre. Therefore, based upon AUM's per acre, it can be concluded that, per acre, the trust lands are of equal if not greater value than the deeded lands. At \$94 per acre the 10,817 acres of trust land would be valued at \$1,016,798.

According to the Department of State Lands, the lease income from grazing on Robb Creek Ranch will be \$9,070 in fiscal 1989. The \$9,070 represents a 0.89 percent return on land valued at \$1,016,798. If, as is detailed in the "Trust Land Income" report, trust assets financially managed can receive a 10.25 percent interest rate, then a \$1,016,798 investment would earn \$104,222 per year of interest income. Since the grazing leases are producing \$9,070 per year, whereas a financially managed asset would produce \$104,222 per year, the trusts are subsidizing wildlife management activities at a rate of \$95,152 per year.

The 10,817 acres of trust lands includes lands from three different trusts. There are 9,053 acres of public school trust lands, 550 of Pine Hills School trust lands, and 1,214 acres of public building trust lands. Table 3 details: 1) the trust lands of each trust; 2) the value of each type of trust lands based on \$94 per acre; 3) the income that could be received if the lands were sold and the assets invested at 10.25 percent; 4) the current income received by each trust; and 5) the estimated loss each trust is incurring by not selling the land assets.

Annual Income Lost by Various Trusts

Trust	Acres Owned	Value of Acreage at \$94 per Acre	Income if Invested at 10.25%	Current Lease Income	Net Loss
Public Schools	9,053	\$ 850,982	\$ 87,226	\$7,591	\$(79,635)
Pine Hills	550	51,700	5,299	461	(4,838)
Public Buildings	<u>1,214</u>	<u>114,116</u>	<u>11,697</u>	<u>1,018</u>	<u>(10,679)</u>
Total	<u>10,817</u>	<u>\$1,016,798</u>	<u>\$104,222</u>	<u>\$9,070</u>	<u>\$(95,152)</u>

The second example involves 26,670 additional trust acres the Department of Fish, Wildlife, and Parks leases. The Department of Fish, Wildlife, and Parks is leasing the 26,670 acres for \$18,435 per year, or \$0.69 per acre per year. To earn \$0.69 per year through financial management requires a \$6.75 investment at 10.25 percent interest. Therefore, if the leased land were sold to the Department of Fish, Wildlife, and Parks for \$6.75 per acre the trusts would neither lose nor gain income. The "Trust Lands Income" report estimated the value for all trust grazing lands at \$40 per acre. Using \$40 per acre, the value of the 26,670 acres would be \$1,066,800. At a 10.25 percent interest rate a \$1,066,800 investment would earn \$109,347 per year. Because the trust assets are not earning their full potential, the hunting and fishing activities on the leased lands are being subsidized at a rate of \$90,912 per year.

The net loss to the trust accounts from the Department of Fish, Wildlife, and Parks leasing of the trust lands in these two examples is \$186,064 per year. If the \$186,433 of lost income is replaced, the general fund appropriation to the trusts can be reduced by \$186,064.

To eliminate the trust's subsidy of hunting and fishing activities and any other activities in which a state agency leases trust lands, the legislature should consider the following. First, all trust lands leased by the Department of Fish, Wildlife, and Parks and all other state agencies should be appraised to establish a fair market value. Second, a financial plan should be developed to either transfer ownership of the lands to the managing agency or the trust should be compensated annually for lost trust income.

In the examples used in this issue the legislature could use the wildlife habitat fund to purchase or fully compensate the trust funds. The wildlife habitat fund is projected to receive \$2.2 million per year for wildlife habitat purchase and maintenance, and a portion of that income could be designated to purchase or compensate trust accounts.

Opt' \: Appropriate an additional \$186,064 per year wildlife habitat revenue to replace the lost income of the three trust funds.

Option B: Appropriate \$1,016,798 of wildlife habitat revenue to purchase the trust lands located on the Robb Creek Ranch. This option would reduce general fund obligations to three trusts by \$95,152 a year.

Option C: Request that the Department of State Lands appraise the 26,760 acres leased by the Department of Fish, Wildlife, and Parks to determine a fair market value for the property. The fair market value would be used to set a sales price of the property to the Department of Fish, Wildlife, and Parks.

Options D: Take no action.

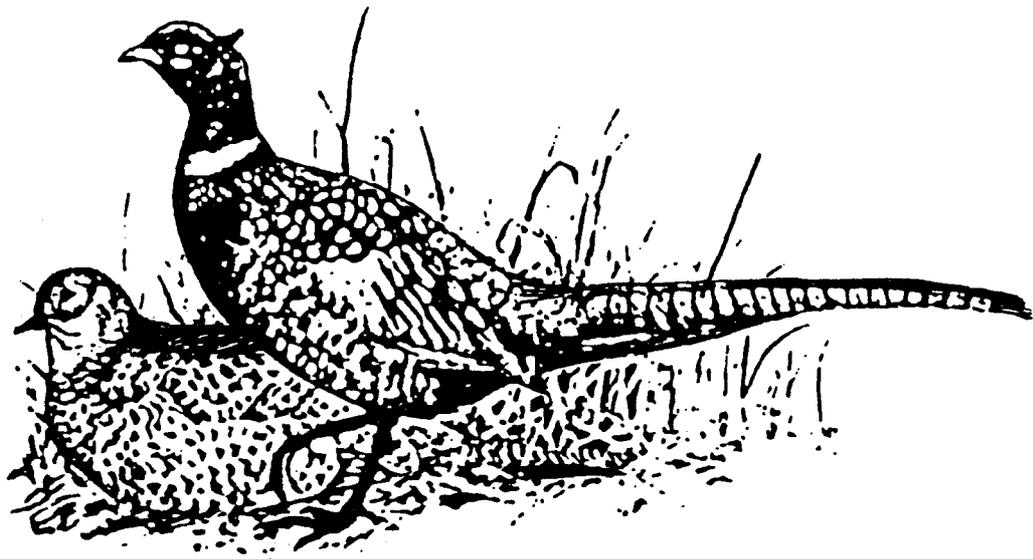
EXHIBIT 3  
DATE 1-31-89  
HB 100

# A Cooperator's Guide To . . .

Montana's

**PHEASANT ENHANCEMENT**

**Program**



*Montana Department of  
Fish, Wildlife & Parks*

SYNOPSIS OF ACTIVITIES  
SB-331  
PHEASANT ENHANCEMENT PROGRAM  
November 1987 - November 1988  
John T. Ensign

Initial activities in the Pheasant Enhancement Program (PEP) involved developing guidelines and criteria for the raising and release of pen-reared ring-necked pheasants. An assessment process was devised to determine whether sites proposed for pheasant release contained the proper habitat components, in the right proportions, to support released birds year-round.

These guidelines and criteria were then incorporated into a booklet entitled "A Cooperators Guide to Montana's Pheasant Enhancement Program". This booklet contains the information, procedures and materials necessary for PEP application; describes pheasant ecology and seasonal habitat needs, facilities and equipment necessary to raise pheasants and a list of potential sources of pheasant eggs and chicks.

Advertisement of the PEP was made primarily through articles in several state newspapers (Billings Gazette, Great Falls Tribune, Glasgow Courier, Plentywood Herald). PEP articles appeared in the Montana Farmer-Stockman and local Soil Conservation Service newsletters. One radio interview was given.

A slide show concerning pheasant biology and ecology and the PEP was presented to groups in Plentywood, Scobey, Malta, Havre, Harlem, Choteau and Bozeman.

Roughly 55 inquiries were made to the Region 6 office concerning the PEP. The program was explained over the phone to most of these people. All those inquiring were sent the PEP booklet and a cover letter addressing their specific concerns and situations.

Statewide, application for the program was made by 8 parties.

-In Region 4 (Great Falls) one application was received but rejected as the release site lacked the necessary winter cover to support pheasants.

-In Region 5 (Billings) two applications were received and a rough total of 180 rooster and 180 hen pheasants were released.

-In Region 7 (Miles City) one application was received but rejected as the release site lacked both adequate nesting and winter cover. The applicant had purchased chicks in hopes of selling them to other PEP applicants. Unfortunately there were no takers and the applicant wanted to release the birds on their property and receive reimbursement.

- In Region 6 (Glasgow) four applications were received:
  - one application from McCone County. The individual had adequate pheasant habitat but no birds to release.
  - one application from Phillips County. The individual released 35 hens and 43 roosters on one site.
  - one application from Hill County. The individual purchased chicks in hopes of selling them to other PEP applicants. Unfortunately there were no takers and the applicant released 216 hens on three sites. The applicant kept all the roosters.
  - two applications were received from Sheridan County. One applicant released 53 hens and 58 roosters on his place. The other application was received from an organization entitled Pheasants Unlimited. The group submitted a total of 138 potential release sites in Sheridan and Daniels Counties. A total of 2019 year-old hens and 150 year-old roosters were released at 17 approved sites. A later release of 502 six-week old hens and 535 six-week old roosters was completed at 6 sites. All 535 roosters were banded with Fish & Game legbands.

Some individuals who inquired about the PEP, received the PEP booklet but then failed to apply were contacted to determine why they did not apply. The most often received comments were as follows:

- did not realize the outlay of personal time and money involved in the program. Thought Fish, Wildlife & Parks was supplying the birds just as they had done in the "pheasant farm" days.
- did not like the stipulation that the release site must be open to hunting. Many wanted the birds to "build up" for several years before allowing hunting.
- local birds had "come back" this spring and summer. Applicants saw no reason to release birds.
- did not like the idea of Fish, Wildlife & Parks dictating to them where "their" pheasants will and will not be released.

Release site assessments for the 138 potential sites submitted in Sheridan County were summarized to determine to what extent submitted release sites fulfilled year-round pheasant habitat requirements. Of 138 potential release sites reviewed, 51 (37%) sites were approved for release, 61 (44%) were rejected and 26 (19%) were approved but release was not recommended.

The release site assessment is based on a score of 100 possible points. A score of 60 was established as the cut-off of acceptable sites. In reality, sites with scores as low as 55 were accepted. Scores of the 138 potential release sites reviewed ranged from 22-80; the mean score was 53.9 (SD=15). An often extreme lack of adequate winter cover was the most often cited reason for rejecting a potential release site.

Most potential release sites had recently seeded CRP land associated with them. In many cases CRP tracts were too large and homogenous and did not contain the necessary interspersions of various habitat types to support pheasants. Most CRP tracts were generally too young or droughty to provide adequate nesting and brood rearing cover. Many had suboptimal seed mixtures and tended to be monotypic grass stands.

Of the sites approved for release but not recommended 62% were not recommended because substantial pheasant populations already existed. The remaining 38% were not recommended because of marginal pheasant habitat.

As a control, release site assessments were completed on 7 sites in Sheridan and Daniels Counties that have had and continue to have substantial, healthy wild pheasant populations. These sites scores ranged from 68 to 85 and averaged 76 (SD = 5.2)

Hunter check stations were operated in the Plentywood area on the opening weekend of pheasant season. A total of 456 hunters was checked. They harvested 14 pheasant of which 2 were banded ( one band was a F&G band, the other was a band put on by Pheasants Unlimited. There is no estimate for the number of birds this group banded themselves.) A total of 0.3% of the harvested birds checked through the check station were released, banded birds. An additional F&G band was turned in mid-season. Return rate for F&G banded birds is 0.37%. First year band return rates presented in "Montana's Ring-necked Pheasant" from 1961 to 1970 range from 4.1 - 46.8% and average 17.8% (SD = 10.9). The extremely low band return rate for the Plentywood area in 1988 is probably the result of excellent production of wild pheasants in this area.

The following is a summary of funds expended through the PEP as of December 1988:

\$10,672.00                      spent on the PEP payments statewide

Total birds released through the PEP:

hens = 3005  
roosters = 936

Salary	\$25,268
Operations	\$11,069
<b>TOTAL</b>	<b>\$47,009</b>

VISITOR'S REGISTER

AGENCY (S) \_\_\_\_\_  
 DEPARTMENT \_\_\_\_\_

SUBCOMMITTEE \_\_\_\_\_  
 DATE Jan 31

NAME	REPRESENTING	SUP-PORT	OP-POSE
<i>Kesa Carlson</i>	<i>Mt. Bowhunting</i>		
<i>Boye Allen</i>	<i>FWP</i>		
<i>Julie Harker</i>	<i>Landowner</i>		
<i>Chuck Viny</i>	<i>FWP</i>		
<i>Dwight Haysen</i>	<i>FWP</i>		
<i>DOD CHANCE</i>	<i>MONTANA WILDLIFE FED.</i>		
<i>Deirdre [unclear]</i>	<i>FWP</i>		
<i>Rose Marcoux</i>	<i>FWP</i>		
<i>Ray Dalquist</i>	<i>AUDUBON</i>		
<i>Janet Ellis</i>	<i>Audubon</i>		

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT  
 IF YOU HAVE WRITTEN COMMENTS, PLEASE GIVE A COPY TO THE SECRETARY.