

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 52nd LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN BERV KIMBERLEY on January 15, 1991,
at 8:00 A.M.

ROLL CALL

Members Present:

Rep. Berv Kimberley, Chair (D)
Sen. Esther Bengtson, Vice Chair (D)
Sen. Gerry Devlin (R)
Rep. Ed Grady (R)
Rep. Jerry Nisbet (D)
Sen. Cecil Weeding (D)

Staff Present: Roger Lloyd, Associate Fiscal Analyst (LFA)
Carl Schweitzer, Budget Analyst (OBPP)
Theda Rossberg, Secretary

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed.

Announcements/Discussion: CHAIRMAN KIMBERLEY announced audit
information from the PSC has not been received, so the
committee will continue with business for the day.

HEARING ON DEPARTMENT OF AGRICULTURE

Everett Snortland, Director of Montana Department of Agriculture,
introduced members of the Department: Ralph Peck, Deputy
Director; Al Williams, Administrator, State Grain Laboratory;
Sandra Kuchenbrod, Administrator, Central Management Division;
Roy Bjornson, Administrator, Plant Industry; Gary Gingery,
Administrator, Environment Management; Mike Murphy,
Administrator, Agriculture Development. Jim Christianson,
Montana Wheat and Barley Division, Great Falls, was absent.

Sandra Kuchenbrod gave an overview of the Central Management
Division. For budgeting purposes the Director's Office is
included in Central Management Division, which also includes
Deputy Director, Attorney and Director's Secretary. This office
takes care of all accounting functions, policy maintenance,
system analysis and computer support.

EXHIBIT 1 - Roger Lloyd, LFA, gave an analysis of the differences between the LFA and the Executive Budgets. The Executive Budget of \$22,034 FY92 is higher than the LFA. In FY93 the Executive Budget is higher by \$22,778. Explanation is as follows:

1. Personal Services - The actual FY90 expenditures were zero, whereas, the Executive Budget allowed some overtime. Some upgrades were incorporated into positions. The Executive Budget did not look at longevity of these positions. The LFA did take this into consideration.

2. Computer Networking Fees are currently being reviewed. The Executive Budget included the Department of Administration's Budget Modification for increasing FTEs in their charges to other agencies' budgets. An agreement will be worked out as to how to handle the Networking Fee problem.

3. Agricultural Donations - the LFA reflects actual FY90 expenditures.

4. Base Differences - the differences resulted in the LFA using FY90 actual expenditures and Executive using FY91 as a base.

FUNDING:

The committee may wish to consider assessing anhydrous ammonia and the alfalfa seed account in funding this program. The LFA assessed the alfalfa seed account and the Executive assessed the anhydrous ammonia account.

EXECUTIVE BUDGET MODIFICATION:

1. Indirect Costs Switch - The Department proposes to substitute \$109,367 of General Fund in FY92 and \$111,979 in FY93 with pesticide registration fees deposited into a new special revenue account. This is contingent on approval of a budget modification in the Environmental Management Division and on legislation to increase pesticide fees and create a special revenue account. This program is currently funded from the Environmental Management Division.

ADDENDUM:

There are two items for consideration: (1) The committee may wish to establish a hail and rural development trust account, so the Legislature wouldn't have to include special language in the appropriation bill. (2) This program is funded from assessments on budgets of other programs, so the committee may wish to consider funding after action is taken on all other programs.

Carl Schweitzer, OBPP, clarified some of Mr. Lloyd's explanations. Overtime is a contingency which was approved last biennium and carried forward in this biennium in case the Dept. needed it.

Computer Networking will be resolved when the General Government Subcommittee makes a decision on computer rates. Action could be deferred until the fee for the computer network is set.

Agriculture donation difference of \$3,968 is a State Special Revenue account. It's a \$5,000 recommendation in the Executive Budget; the LFA used \$1,000 which was actually expended in FY90. The Department's request is to use the Executive recommendation of \$5,000. They may have some trade shows or fairs and receive donations from private industry to promote those. This is why they need the spending authority.

Four items make up the Base Differences: (1) Travel - \$4,600 is included in travel for FY92 and FY93. In FY90 no overseas trips were made. However, in FY91 the opportunity to travel to Japan and the Far East reflected a need for this amount. (2) Computer Maintenance - in FY91 the Department purchased a new computer system and \$3,600 is for maintenance of the system and is in the budget for FY92 and FY93. (3) SWACAP - is a statewide indirect cost which the Department of Administration receives for fixed cost for all departments. This was increased to \$1,923 for FY92 and FY93. (4) Software - The Department asked for \$600 per year for additional software which was included in the Executive Budget.

The Department has a number of state revenue accounts. The Executive Budget approved \$2,539 for anhydrous ammonia; LFA budgeted zero. \$1,727 for alfalfa seed was approved by the LFA and zero by the Executive. The alfalfa seed account wasn't assessed because the Department anticipated there would be some legislative action privatizing this account. Direction from the Subcommittee is requested concerning this account.

Regarding the Budget Modification, the Executive Budget recommends increasing pesticide registration fees. Under current law fees are deposited into the General Fund. The Executive is proposing to create some State Special Revenue accounts for financing pesticides and groundwater programs. The Addendum Item 1 is a housekeeping item. Mr. Lloyd stated all programs should be reviewed before funding this program.

SEN. DEVLIN asked about travel in 1989. **Ms. Kuchenbrod** replied it was approximately \$10,000. The reason for this difference is the LFA's budget did not reflect the expenditures in this account. **SEN. DEVLIN** stated it would be helpful to look further back than 1990 for travel history.

SEN. BENGTON asked why the committee needs to decide whether to charge the anhydrous ammonia or the alfalfa seed account. It is such a small amount, is this a policy decision. **Mr. Schweitzer** replied they try to spread the cost of administration equitably over all the programs. **Mr. Lloyd** said that is why it is important to get committee direction.

SEN. BENGTON asked how can anhydrous ammonia program be privatized. In reference to user fees and pesticide fees being used to pay for pesticides and groundwater programs, fees continue to be added and the agriculture community keeps on

paying. What is the responsibility of the Department to administer these in the first place?

Mr. Snortland replied they are not privatizing. **Mr. Schweitzer** was referring to two pending bills: (1) Wheat and Barley decoupled from the Department because it can stand on its own. (2) Alfalfa Seed Committee wants to be decoupled. Funds can't be taken out of Alfalfa Seed as there may not be any. The Department does not want to privatize Anhydrous Ammonia because that is a regulatory function and is a dangerous commodity. Since the General Fund money is short, other ways were looked at such as user fees.

SEN. GRADY stated if user fees were discontinued, it would add a substantial amount to the budget.

SEN. BENGTON stated in regard to the Alfalfa Seed Program, nothing can be done until that bill passes. Is it a statute that the Department and the Alfalfa Seed Program decouple? **Mr. Snortland** replied he didn't believe there was a statute to decouple. Anhydrous Ammonia is a legitimate function of the Department and it would cost more from Centralized Services because they would use attorneys, etc. The Alfalfa Seed Program is a new situation and it is difficult to get funding. They have a committee which meets and needs to have expenses paid. It seemed more feasible to take it out of the Anhydrous Ammonia account. This is an industry self-induced fee to run their own program.

SEN. BENGTON asked about pesticide, groundwater programs and if there is a bill coming out of Environmental Quality Council, (EQC). **Gary Gingery** answered that the Montana Agriculture Business Association is the primary sponsor, not EQC.

CHAIRMAN KIMBERLEY asked for an overview of State Grain Lab because of the shortage of time.

Hal Williams, Manager of the State Grain Lab in Great Falls, reviewed the operation. This is the only officially designated Grain Lab in the state and is located in Great Falls. Analysis is done for wheat, barley, beans, lentils, oil seed crops, etc. See the Budget, Page 13.

CHAIRMAN KIMBERLEY stated the committee would review the budget at a later date and continued with questions.

SEN. BENGTON asked how the Grain Lab interfaced with shipments to the Far East. Is the grain tested out-of-state for shipments out of the country? **Mr. Williams** answered that most grain shipments to the Far East are graded at the Washington coast as it arrives from Montana and again before it goes aboard ship. The grain is blended with grain from approximately seven states before shipment. Montana grain is about 85% of the blend.

SEN. BENGTON asked if grain samples had to go to the Grain Lab for protein content before the farmer was paid. **Mr. Williams** said, no, there are private elevators who operate their own laboratories for profit-making businesses for the State Grain Lab. The cost for analysis of protein content is \$4.50.

SEN. WEEDING asked the difference between grain and commodity. **Mr. Williams** clarified that in Montana we tend to think of grain basically as wheat and barley. There are eleven standardized grains in Montana; the peas, beans, lentils etc. are not graded under the U. S. Grain Standards Act, but are graded under regulations of the Agriculture Marketing Act. These are basically referred to as commodities.

SEN. WEEDING asked if the Grain Lab had the capability of testing oil seed products. **Mr. Williams** replied no but it has had many requests.

SEN. BENGTON asked if all twelve employees work in the Great Falls Lab and what is the justification for three additional employees. **Mr. Williams** replied, yes, except some temporary employees who do sampling in the field. Additional staff is needed because of the workload and official sampling of unit grain cars. This sampling has been increasing. In FY87 they did about 900; in FY90 about 3,223; and, FY91 nearly 3,000 the first six months.

SEN. BENGTON asked why unit trains are tested in different locations than where loaded. **Mr. Williams** replied there are about sixty different locations in the state where they are tested. The majority of testing is done on grain for domestic use. Most of the travel is to Cut Bank, Gilford, Chinook, Havre, Fort Benton, Big Sandy, Moccasin, Broadview and Billings.

SEN. WEEDING asked how grain on unit trains is tested. **Mr. Williams** answered a sampling crew of three or four people opens all lids on the cars and takes a ten foot sample probe out of each compartment and sends them to Great Falls for testing. Testing reports are sent back to the elevator or customer who requested the service. **Mr. Peck** explained the workload increase over the years in regard to sampling of grain.

ADJOURNMENT

Adjournment: 9:00 A.M.



REP. BERV KIMBERLEY, Chair



THEDA ROSSBERG, Secretary

HOUSE OF REPRESENTATIVES
NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL

DATE 1-15-91

NAME	PRESENT	ABSENT	EXCUSED
SEN. ESTHER BENGTON, VICE-CHAIR	✓		
REP. ED GRADY	✓	✓	
REP. JERRY NISBET	✓		
SEN. GERRY DEVLIN	✓		
SEN. CECIL WEEDING	✓		
REP. "BERV" KIMBERLY, CHAIRMAN	✓		

CURRENT LEVEL COMPARISONS

Budget Item	Actual Fiscal 1990	Executive Fiscal 1992	LFA Fiscal 1992	Difference Fiscal 1992	Executive Fiscal 1993	LFA Fiscal 1993	Difference Fiscal 1993
FTE	10.00	10.00	10.00	.00	10.00	10.00	.00
Personal Services	300,638	354,395	353,988	407	354,530	354,141	389
Operating Expenses	75,250	90,223	69,161	21,062	90,734	69,445	21,289
Equipment	4,775	4,940	4,375	565	5,475	4,375	1,100
Total Expend.	\$380,663	\$449,558	\$427,524	\$22,034	\$450,739	\$427,961	\$22,778
<u>Fund Sources</u>							
General Fund	194,313	195,752	190,108	5,644	196,617	190,296	6,321
State Revenue Fund	168,718	193,940	183,891	10,049	194,266	184,086	10,180
Federal Revenue Fund	17,632	25,287	18,851	6,436	25,277	18,870	6,407
Expendable Trust Fund	0	34,579	34,674	95-	34,579	34,709	130-
Total Funds	\$380,663	\$449,558	\$427,524	\$22,034	\$450,739	\$427,961	\$22,778

CURRENT LEVEL ISSUES:

- PERSONAL SERVICES - A. The LFA budget reflects that no overtime was paid in fiscal 1990 - O
 B. LFA reflects correct longevity and benefits of position upgrades.
- DEPARTMENT OF ADMINISTRATION COMPUTER NETWORKING FEES - The Executive Budget includes the increased networking fees contained in the DoFA budget modification for expansion of network services.
- AGRICULTURAL DONATIONS - The LFA reflects actual fiscal 1990 expenditures.
- BASE DIFFERENCES - The Executive Budget is higher due to using the FY 1991 appropriation as a base, whereas the LFA current level is based on FY 1990 actual expenses.

TOTAL CURRENT LEVEL

FUNDING

The committee may wish to consider the assesment of charges to the anhydrous ammonia and the alfalfa seed accounts in funding this program.

EXECUTIVE BUDGET MODIFICATION:

Delany A. Adams 1/16/91

- CS INDIRECT COSTS SWITCH - The department proposes to substitute \$109,367 of general fund in fiscal 1992 and \$111,979 of general fund in fiscal 1993 with increased pesticide registration fees deposited into newly created state special revenue accounts. This modification is contingent upon approval of related budget modifications in the Environmental Management Division and upon passage of necessary legislation to increase pesticide registration fees and create new state special revenue accounts.

*1-15-91
 National Pesticide*

Exp. 1-16-91

