MINUTES

MONTANA HOUSE OF REPRESENTATIVES
52nd LEGISLATURE - 1st SPECIAL SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By CHAIRMAN BERV KIMBERLEY, on January 2, 1992, at 1:45 P.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)

Members Excused: None

Members Absent: None

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:

HEARING - PUBLIC SERVICE COMMISSION

Howard Ellis, Chairman, Public Service Commission introduced **Danny Oberg,** vice chairman; **Madeline Cottrill, Dan Elliott, Robin McHugh** and **Wayne Budt,** the four administrators.

Mr. Ellis reviewed a statement prepared for the committee explaining that reducing the appropriation for the commission would not help reduce the general fund deficit. **EXHIBIT 1.**

EXECUTIVE ACTION ON PUBLIC SERVICE COMMISSION

Tape No.1, Side A, 145

Motion/Vote: **SEN. DEVLIN** moved to leave the budget for the Public Service Commission as is. **MOTION CARRIED UNANIMOUSLY.**

HEARING - DEPARTMENT OF LIVESTOCK

Roger Lloyd LFA, gave the committee members a copy of the

Executive Proposal for which the committee members could record their executive action for the Department of Livestock. **EXHIBIT 2.**

John Skufka, Administrator, Centralized Services introduced **Bill Frazer**, Secretary, Board of Livestock.

Carl Schweitzer, OBPP, reviewed the budget proposals with the committee. Since the governor had approved the supplemental, the meat inspection expansion would be reinstated. Since this was a 50/50 statute federal program it also increased the federal funds available. There are also some indirect funds to be used in the centralized services division which allow us to reduce $20,000 of general fund and increase $20,000 of federal funds. This is the funding switch shown in **EXHIBIT 2.**

The second funding switch is in the diagnostic laboratory. The department has $45,000 of extra state special revenue. There were some public health activities funded with general funds and the department agreed to switch funding. However, there was only enough money to do this for one year.

The department stated, if there was a need for further reductions, they would have to go to the board and see what the lowest priority would be.

Mr. Lloyd, stated the modification for the four meat inspectors was eliminated in the last legislative session. However, the governor came back later with a supplemental reinstating the budget modification. Therefore, in the next legislative session there will be a supplemental request for $153,254 general fund and $153,254 federal funds in FY93. See **EXHIBIT 3.**

Rep. Grady asked what effect will this supplemental have on the meat inspection program?

Mr. Skufka stated, the supplemental allows us to expand this program this year instead of the next biennium. We moved funds from FY93 and moved them into FY92. In the next legislative session that money will have to be replaced in the next biennium.

Sen. Devlin asked, will you be adding any funds to that base in the next biennium?

Mr. Skufka stated, we do not anticipate any increase as we feel this is a reasonable base.

Sen. Devlin asked, what is the funding source for the funding switch?

Mr. Skufka explained, we received more revenue than expected from our laboratory fees.

Sen. Weeding asked, what is the federal match for the four meat

inspectors?

Mr. Skufka explained, 50% federal funds and 50% general funds.

Mr. Lloyd said, the governor has the authority to approve the supplemental until the next legislative session.

EXECUTIVE ACTION ON DEPARTMENT OF LIVESTOCK
Tape No. 1, Side A, 628

Motion/Vote: **Rep. Grady** moved to accept the funding switch in HB2 for the Department of Livestock in the amounts of $65,000 in FY92 and $20,000 in FY93 **EXHIBIT 3. MOTION CARRIED UNANIMOUSLY.**

HEARING - DEPARTMENT OF STATE LANDS

Mr. Lloyd reviewed the proposals for the Department of State Lands with the committee. See **EXHIBIT 4.**

In regard to the issues on Page C-11 of the budget book, there are three issues I would like to bring to the attention of the committee: 1) fire protection taxes, 2) elimination of the economic study and 3) reclassify revenue from timber sales. See **EXHIBIT 4,A.**

I have estimated that state lands would receive approximately $130,000 extra for the biennium if revenue from timber sales is reclassified. That amount of money would be available to offset general fund expenditures in central management and land division.

Dennis Casey, Administrator, Department of State Lands, reviewed the proposed budget with the committee. He stated, the second sentence in Issue 2), Page C-11 is incorrect. We are in the process of doing an environmental assessment of the rules which are in the process of being finalized for land board approval. **EXHIBIT 4,A.**

In Item C-1 of the governor's budget, the difference is nearly $6 million in FY92. The reason for this increase is because of the fire supplemental. The increase in state special revenue of $15,000 and $95,000 does not fully explain the increase. That increase occurred as a result of the increase in the price we sell seedlings for, which will raise about $35,000 per year. This also includes the use of $60,000 of slash account funds to go into the general fund.

There is a decrease of federal revenue of $56,000. We were to retain $100,000 from the money we received from the federal government for assisting them on fires. We needed this money for the catch-up work as a result of utilized resources on those fires. We have determined that we can do that work for $44,000 and $56,000 will go to the general fund.

Page C-4 of the governor's budget, under central management, the explanation is fairly clear. We intend to leave a data processor position open which will be a savings. We will save $8,500 in personal services by delaying purchasing of equipment. If we use personal services, it allows us some flexibility.

This committee is familiar with the state equalization payment, which made available to 18 counties in the state of Montana. The fund was $265,000 and the 8% reduction resulted in $21,200 less each year. The percentage of money provided those counties after we received their request would be 60% and with the reduction would be about 55%.

Page C-5 of the governor's budget, the reclamation program was reduced by 8% by reduction of vacancy savings.

The land administration program will be a 4% reduction through vacancy savings.

Operating expenses were reduced in the last session in this committee and also in full appropriations. In order to do the things we believe are necessary, we are not seeking a reduction in our lands division.

C-6,7 of the governor's budget shows the cuts we are proposing in the forestry division. In the nursery division, there is an $18,000 in vacancy savings. There is a vacancy savings for a appraiser position of $33,000. We will delay hiring of our seasonal employees until later in the spring. We may not fill our student positions when they return to school. There is a vacancy savings in the north west field office. There is a $50,000 savings in forestry program reductions. This includes all items in all departments such as travel in and out of state, office supplies, etc.

We purchase approximately $11,000 worth of lumber from ourselves to provide materials for our buildings. Our inventory is such that we can reduce those purchases for a couple of years and result in a savings of approximately $5,000 per year.

There is a small savings in fire retardant contracts which we anticipate a savings of $5,000 and $3,000.

We will delay our purchase of new vehicles because repairing our present vehicles is less costly than the purchase of new vehicles. Also it is less costly than purchasing government vehicles and rebuilding them.

The supplemental for fires for this past season is very large. Of that $6,373,650, we estimate, as of today, the costs of fires in FY91 will be $5,573,630. All bills are not in, but we believe this is a close estimate. The remaining $800,000 will be utilized for the spring fire season and the fall of FY93. Last summer's fire season was quite normal, but western Montana dried

out in late summer and early fall. Due to the high winds there were some severe conditions and we could do very little until the winds slowed down.

Chair. Kimberley said, Why are we dealing with this at this time, when we would normally listen to your testimony on supplementals beginning in the FY93 session?

Mr. Casey answered, **Mr. Schweitzer** suggested I review this again with the committee.

Mr. Schweitzer stated, OBPP suggested that the Department of State Lands put all of their reductions into personal services. The reason is, there is language in the appropriations bill which says you can move money into personal services but you cannot move any funds out. Therefore, if they take the reductions out of personal services, they have the flexibility to move funds back into that account if needed in the future.

As the director said, there is $800,000 in the fund for fire costs which includes spring fires. There is also a small amount of money to cover FY93 costs. We are recommending there be a biennial appropriation of $6,373.650.

Mr. Lloyd said, on the spread-sheet, Item 17 and 18, as proposed by the executive, there is a straight funding switch replacing the general fund with state special fund which shows a negative and a positive for the same amounts of $35,000 Nursery Funds and $60,000 for Slash Funds. However, the department does have excess state special revenue authority available so the committee may not wish to increase the state special revenue.

Mr. Casey stated, in FY93 there is a decrease in fire prevention appropriations and will also result in a decrease in fire assessments. One-third of those costs can be assessed against forest land owners.

The reduction of $49,667 for seasonal employees for FY93, results in approximately $25,000 which will not be assessed the land owners. Half of $23,500 for rebuilt engines is $11,750 which will not be assessed the land owner. Also, fire capital reduction would be $13,333 or one-half to be assessed to the land owner which would be a total of approximately $43,250.

Sen. Bengtson asked, how is the fire assessment determined?

Mr. Casey replied, we have a formula of 2 - 1 for the fire assessment of timber land owners. When expenses are reduced, the assessments to the land owners are also reduced.

Sen. Bengtson asked, how do you handle private volunteer fire groups?

Mr. Casey stated, we have a common cooperative agreement which

provides equipment and training for which the counties assume direct protection. However, there are circumstances when we have to take over these fires. If there is a fire on federal or BLM land and they seek our assistance, we bill them for our costs. The same is true, if we ask them for assistance.

Rep. Grady asked **Gordon Morris** Executive Director of the Association of Counties, what impact the reduction of funds has on the counties?

Mr. Morris replied, it is proposed to reduce the appropriations of $265,000 in FY92 and $265,000 in FY93 by 8% or $21,200 in each of the two fiscal years. These cuts are unacceptable and the county commissioners around the state are going to say "no, you are adding insult to injury".

Chair. Kimberley said, **Mr. Morris**, I would like to remind you that all the agencies and this subcommittee are all working within the scope of directions given us by the governor.

Sen. Devlin stated, you think 8% is an insult. If we took it all, I suppose it would really be an insult.

Mr. Morris said, you have the authority to take it all, but let me point out that counties are your partners and you are jeopardizing that partnership.

Chair. Kimberley asked **Mr. Casey** if he had a good response to the hearings regarding the environmental assessment of proposed new regulations governing public use of state-owned land.

Mr. Casey stated, we had a good response with a cross-section of sportsmen, landowners, etc. at the hearings.

Since HB778 opened state lands to hunting and fishing it became unnecessary to do an environmental impact statement on that issue. Therefore, the language referring to the EIS was amended to provide $250,000 for an economic study of all surface uses of state lands and $50,000 to the department for starting costs of the program. In order to help cut the budget, we decided to remove the $250,000. However, after our hearings and the public concern that we should have an environmental study and in talking to the budget office, it was decided to reinstate the $250,000.

Sen. Devlin asked, what is your time-table on this study?

Mr. Casey said, not until the session is over.

Sen. Devlin asked, is the $50,000 part of the cost?

Mr. Casey said, the $50,000 is for the starting-up costs, including the hearings, making of rules, etc.

Mr. Lloyd stated, on page C-9 (See **EXHIBIT 4-A**) of the LFA

modifications, Item 1) The Trust Land Access budget was approved at $300,000.

Rep. Grady said, this money is needed for this study and if we don't complete this study, we will be back in court and I am going to fight to keep it in there. The reason we passed the law was to stay out of court.

Sen. Bengtson asked, in Item 3) Page C-11 the amendment to include funds from sales of timber from state school lands as "interest and income moneys", is this a permanent situation or an emergency situation?

Mr. Schweitzer said, this is a permanent change from timber being looked at a non-renewable asset to a renewable asset. The reason being, the department manages the forest as being a renewable asset. They have a management plan for cutting the timber, planting new forests and thinning the forests, for a new harvest in the future.

Sen. Bengtson asked, have you projected income into the future.

Mr. Lloyd said, if the school equalization account benefits by $4.5 million, about $5.3 million will come out of the trust each year permanently if the statute is approved in HB3. This is the amount of revenue from timber sales to be switched out of the trust to be divided into different accounts of which state lands receives 2.5% **EXHIBIT 4-A.**

If the statute is changed, approximately $240,000 goes back into the trust. If the loss were compounded at 8% interest over 8 or 9 years, the loss to schools would exceed the benefits to schools.

Chair. Kimberley asked **Bob Kuchenbrod** Department of State Lands to review the breakdown of the items which make up the 8% reduction in their budget. **EXHIBIT 5.**

Mr. Kuchenbrod reviewed these reductions with the committee. He stated, there were some differences in some areas between the LFA budget and the department's budget changes.

Mr. Schweitzer stated, there are some slight differences between what they originally requested, because they received more information from their field offices as to where the specific cuts would be, but ultimately the totals came out to be about the same.

Rep. Grady said, if you don't have the seasonal help needed when you have these fires and you have to contract for help, will that come in as a supplemental later on?

Mr. Casey said, that is correct. The ideal situation would be to have those crews on for ten months of the year, but that isn't

possible. Our total budget for seasonal employees is about $1.5 million.

Chair. Kimberley asked the committee to review the items before taking executive action and either accept or reject item for item or fill in your own figures. **EXHIBIT 4.**

Sen. Bengtson asked, if the department could absorb the $21,200 the counties were asked to give up, since they were already in trouble.

Mr. Casey said, I certainly can understand the counties concern. We will definitely try to find a way to absorb the $21,000 each year for the counties. I would like some time to think about where we can absorb this amount.

Chair. Kimberley said, anyone who has been visiting with their county commissioners have come up with the same message.

Mr. Schweitzer stated, he recommended cutting the counties' budget. When **Mr. Yeakel**, Chief of Staff, governor's office was making his presentation, he said, we tried to spread the pain. We took 8% because that was what the rest of state government was absorbing.

Sen. Devlin asked, did the whole department total 8%?

Mr. Casey said, that is correct.

Mr. Lloyd said, the 8% was taken out of operations.

Mr. Kuchenbrod said, in dealing with the budget office, there were a couple areas in our budget which added to our 8%. However, the totals came up to 8%. There was a pay plan error that was identified by the department. A pay plan was allocated to a state special account which should have been allocated to a general fund account. This made the department's pay plan short for those dollars. The state special account gave us spending authority, but there were no funds available to spend. The budget office agreed there was an error so they gave us credit for $103,000 the first year and $173,000 for the second year.

Rep. Grady said, I have to agree with **Sen. Bengtson**, the counties are having real problems and we may lose our county agent. I don't think we should take anything away from them at this point. Maybe we can address this in full appropriations.

Mr. Lloyd said, if HB3 passes which contains language switching timber sales out of the trust and into income, state lands will receive about $130,000 extra resource development funds for the biennium. Those funds would be available to offset general fund in two divisions.

EXECUTIVE ACTION DEPARTMENT OF STATE LANDS

Tape No. 2, Side A, 858

Motion/Vote: **Sen. Bengtson** moved, this committee does not endorse the $21,200 each year of the biennium for the budget cut in the department of state lands.

Substitute/Motion: **Sen. Devlin** moved to delay action on that motion until tomorrow. **MOTION CARRIED UNANIMOUSLY.**

Motion/Vote: **Rep. Nisbet** moved to approve all items listed in the executive recommendation except Item 3 and 19 and eliminate the additional other funds, Items 17 and 18 for $35,000 and $60,000 each year as listed on Page C-7 of the executive budget. **EXHIBIT 4-A. MOTION CARRIED UNANIMOUSLY.**

Tape No. 2, Side B, 287

Motion/Vote: **Rep. Nisbet** moved to change Item 19, Page C-7 from $6,373,650 to $5,573,650 for forest fire FY92 costs. **MOTION CARRIED UNANIMOUSLY.**

Discussion: **Sen. Devlin** asked, **Mr. Casey** if the $5,573,650 was the department's forest fire costs?

Mr. Casey said, this is our best estimate at this time. Since it is an estimate, there could be a slight increase in costs and if there were this would be part of the supplemental we would seek in FY92.

Sen. Bengtson stated, she had some complaints of waste that state lands have during the fire fighting season, such as providing supplies.

Mr. Casey stated, he would certainly pursue this.

ADJOURNMENT

Adjournment: 3:45 P.M.

Berv Kimberley
BERV KIMBERLEY, Chair

Theda Rossberg
THEDA ROSSBERG, Secretary

BK/TR

HOUSE OF REPRESENTATIVES

NATURAL RESOURCES SUBCOMMITTEE

ROLL CALL DATE Jan-2-92

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

PUBLIC SERVICE COMMISSION

2701 Prospect Avenue • Helena, Montana 59620-2601
Telephone: (406) 444-6199

EXH-1
1-2-92

Howard Ellis, Chairman
Danny Oberg, Vice Chairman
Bob Anderson
John Driscoll
Wallace W. "Wally" Mercer

TO: Steve Yeakel, Budget Director
Office of Budget & Program Planning
Office of the Governor

FROM: Howard L. Ellis, Chairman HLE
Public Service Commission

DATE: August 16, 1991

RE: Planning for 1993 Biennium Budget Reductions

The Public Service Commission (PSC) has reviewed your memo of August 12, 1991, which requested assistance in planning for FY92 and FY93 budget reductions to general fund appropriations due to a shortage in revenue.

In FY91-92, the PSC was granted a waiver of a general fund reversion, as it would not help eliminate a shortfall in revenue to the general fund.

The same is true of the request to reduce PSC FY92-93 general fund budgets by 8%. A reduction to our budget would not help to reduce the revenue shortfall.

The Department of Revenue has set a rate which will collect the revenues to fund the PSC at the level appropriated by the Legislature for FY92 and FY93. The Commission has also approved an order which allows regulated companies to collect such funds.

I appreciate your consideration of our budget funding. I am interested in meeting with you and your staff on Monday to discuss this important budget issue.

As you are aware, the PSC is in the process of relocating its offices, and even with cuts in all areas of our budget, it's questionable whether we can afford to move. We need to make that decision as soon as possible.

EXH. 1.
1-2-92

Before the Subcommittee on Natural Resources
January 3, 1992

Rep. Berv Kimberly (Chair)
Rep. Ed Grady
Rep. Jerry Nisbet

Sen. Esther Bengtson (Vice chair)
Sen. Cecil Weeding
Sen. Gerry Devlin

Statement of Howard Ellis, Chairman, Public Service Commission

Good afternoon Chairman Kimberly and members of the subcommittee. I am Howard Ellis, Chairman of the Public Service Commission. With me today are vice chairman Danny Oberg and the Administrators of the four divisions. We appreciate the opportunity to appear before you to say a few words about the Commission's budget and to answer any questions you have.

I would like to emphasize at the outset that reducing the appropriation for the Commission will not help reduce the general fund deficit.

As you know, the Commission is funded through a tax on regulated utilities. The tax is calculated to recover an amount equal to the Commission budget as established by the legislature. The tax is collected by the Department of Revenue and is based on the gross regulated revenues of the utilities. It is adjusted as necessary by the DOR to account for any over- or under-collections.

Although the utility tax is deposited in the general fund and appropriated to the Commission from the general fund, the Commission is not funded from any general fund tax money. Any decrease in the Commission's budget must be offset by a reduction in the utility tax collected. Therefore, any reduction in the Commission's budget, whether through vacancy savings, a hiring freeze, an across-the-board state agency reduction, or other means, will not help reduce the general fund deficit.

It was for this reason the Commission was not included in the Governor's Executive Order No. 28-91 which reduced general fund appropriations. It is also for this reason the Commission requests that this subcommittee and the legislature maintain the Commission budget as it was appropriated by the 52nd legislature for the 1993 biennium.

Thank you very much. We would be happy to answer any questions.

1-2-92
Exh 3

DEPARTMENT OF LIVESTOCK

Executive Budget Proposal

Description	Pgm	Fiscal 1992 General Fund	Fiscal 1992 Other Funds	Fiscal 1992 Total Funds	Fiscal 1993 General Fund	Fiscal 1993 Other Funds	Fiscal 1993 Total Funds
House Bill 2							
1) Funding Switch	01	($20,000)	$20,000	$0	($20,000)	$20,000	$0
2) Funding Switch	03	(45,000)	45,000	0		0	0
Totals		($65,000)	$65,000	$0	($20,000)	$20,000	$0

1) Funding Switch - The agency will reduce its general fund appropriation for indirect cost allocations and increase the appropriation for federal indirect costs. Increased federal funds are available due to the Governor's authorization of a supplemental in the Meat and Poultry Inspection program (see the issue discussed below). This will have no net effect on the general fund, since in the past the agency had deposited additional federal funds collected from indirect cost allocations in the general fund.

2) Funding Switch - The Executive Budget proposes that the diagnostic laboratory's fiscal 1992 general fund personal services appropriation be reduced by $45,000 and replaced by excess fund balance in the agency's state special revenue account.

Issue

On September 18, 1991 the Governor declared that a "potential economic emergency" existed which necessitated a transfer from the Meat and Poultry Inspection program's fiscal 1993 appropriation to fiscal 1992. The fiscal 1992 supplemental totals $65,512 general fund, $65,512 federal funds, and 4.0 FTE to fund a budget modification not approved by the 1991 legislature. The executive plans to request a $153,254 general fund and $153,254 federal fund supplemental from the 1993 legislature for this modification.

1-2-1992
EXH. 2.

Livestock

1993 Biennium Adjustments

P:\5603\W0000000.LBP

Description	Pgm	Executive Budget Proposal: Fiscal 1992 General Fund	Executive Budget Proposal: Fiscal 1992 Other Funds	Executive Budget Proposal: Fiscal 1993 General Fund	Executive Budget Proposal: Fiscal 1993 Other Funds	Legislative Budget Action: Fiscal 1992 General Fund	Legislative Budget Action: Fiscal 1992 Other Funds	Legislative Budget Action: Fiscal 1993 General Fund	Legislative Budget Action: Fiscal 1993 Other Funds	Difference (Leg. - Exec.): Fiscal 1992 General Fund	Difference (Leg. - Exec.): Fiscal 1992 Other Funds	Difference (Leg. - Exec.): Fiscal 1993 General Fund	Difference (Leg. - Exec.): Fiscal 1993 Other Funds
House Bill 2													
1 Funding Switch	01	($20,000)	$20,000	($20,000)	$20,000					20,000	(20,000)	20,000	(20,000)
2 Funding Switch	03	(45,000)	45,000	0	0					45,000	(45,000)	0	0
Totals		($65,000)	$65,000	($20,000)	$20,000	$0	$0	$0	$0	$65,000	($65,000)	$20,000	($20,000)

Approved Unanimously

State Lands

1-2-92
Exh IV

1993 Biennium Adjustments

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escription	Pgm	Executive Budget Proposal - Fiscal 1992 General Fund	Executive Budget Proposal - Fiscal 1992 Other Funds	Executive Budget Proposal - Fiscal 1993 General Fund	Executive Budget Proposal - Fiscal 1993 Other Funds	Legislative Budget Action - Fiscal 1992 General Fund	Legislative Budget Action - Fiscal 1992 Other Funds	Legislative Budget Action - Fiscal 1993 General Fund	Legislative Budget Action - Fiscal 1993 Other Funds	Difference (Leg. - Exec.) - Fiscal 1992 General Fund	Difference (Leg. - Exec.) - Fiscal 1992 Other Funds	Difference (Leg. - Exec.) - Fiscal 1993 General Fund	Difference (Leg. - Exec.) - Fiscal 1993 Other Funds
ouse Bill 2													
Vacant Position	01	($32,000)	$0	($36,000)	$0					32,000	0	36,000	0
Program Reductions	01	(8,500)	0	0	0					8,500	0	0	0
Equalization Payments	01	(21,200)	0	(21,200)	0					21,200	0	21,200	0
Program Reduction	03	(24,774)	0	(25,663)	0					24,774	0	25,663	0
Program Reduction	04	(42,000)	0	(15,000)	0					42,000	0	15,000	0
Nursery Program Reduction	25	(18,000)	0	(18,000)	0					18,000	0	18,000	0
Appraiser Position	25	(33,000)	0	(33,000)	0					33,000	0	33,000	0
Seasonal Employees	25	(48,987)	0	(49,667)	0					48,987	0	49,667	0
NW Field Office Vacancy	25	(5,000)	0	(15,000)	0					5,000	0	15,000	0
0 Program Reductions	25	(50,000)	0	(50,000)	0					50,000	0	50,000	0
1 Swan River Lumber	25	(5,000)	0	(5,000)	0					5,000	0	5,000	0
2 Fire Retardant Contract	25	(2,000)	0	0	0					2,000	0	0	0
3 Rebuild Engines	25	(35,250)	0	(23,500)	0					35,250	0	23,500	0
4 Fire Capital	25	0	0	(13,333)	0					0	0	13,333	0
5 Metal Building	25	(24,000)	0	0	0					24,000	0	0	0
6 Federal Fire Reimbursement	25	0	(56,000)	0	(56,000)					0	56,000	0	56,000
7 Nursery Funds	25	(35,000)	35,000	(35,000)	35,000					35,000	(35,000)	35,000	(35,000)
8 Slash Funds	25	(60,000)	60,000	(60,000)	60,000					60,000	(60,000)	60,000	(60,000)
9 Forest Fire FY92 Costs	25	6,373,650	0	0	0					(6,373,650)	0	0	0
Totals		$5,928,939	$39,000	($400,363)	$39,000	$0	$0	$0	$0	($5,928,939)	($39,000)	$400,363	($39,000)

DEPARTMENT OF FISH, WILDLIFE & PARKS

1) The Park Futures Committee modification addresses recommendations of the State Park Futures Committee. The committee recommended an accelerated five-year schedule for park improvements which would require an additional $6,313,000 and 30.24 FTE per year. The legislature approved general fund to fund a portion of the committee's recommendation. As of December 1991, 1.21 FTE have been hired.

1-22-92
Exh 4-4

5501 00 00000

DEPARTMENT OF STATE LANDS

Budget Item	HB 2 Fiscal 1992	Pay Plan Fiscal 1992	Total Fiscal 1992	HB 2 Fiscal 1993	Pay Plan Fiscal 1993	Total Fiscal 1993	Total Biennium 1992-93
FTE	359.71		359.71	366.37		366.37	
Personal Services	9,604,731	670,327	10,275,058	9,760,323	1,093,557	10,853,880	21,128,938
Operating Expenses	10,898,889	0	10,898,889	7,159,941	0	7,159,941	18,058,830
Equipment	1,006,847	0	1,006,847	775,470	0	775,470	1,782,317
Capital Outlay	5,005,000	0	5,005,000	5,005,000	0	5,005,000	10,010,000
Grants	265,000	0	265,000	265,000	0	265,000	530,000
Transfers	100,000	0	100,000	100,000	0	100,000	200,000
Total Costs	$26,880,467	$670,327	$27,550,794	$23,065,734	$1,093,557	$24,159,291	$51,710,085
Fund Sources							
General Fund	8,979,274	286,734	9,266,008	8,631,604	469,236	9,100,840	18,366,848
State Revenue Fund	7,904,626	297,138	8,201,764	4,510,344	479,740	4,990,084	13,191,848
Federal Revenue Fund	9,808,543	84,524	9,893,067	9,738,175	141,460	9,879,635	19,772,702
Proprietary Fund	188,024	1,931	189,955	185,611	3,121	188,732	378,687
Total Funds	$26,880,467	$670,327	$27,550,794	$23,065,734	$1,093,557	$24,159,291	$51,710,085

Agency Description

The Department of State Lands (DSL) has four basic functions: 1) management of the lands held by the state in trust for the support of the common schools and other institutions; 2) regulation of mining conducted on private, state, and federal lands; 3) fire prevention and suppression on certain private, state, and federal lands; and 4) regulation of and assistance to private forest land owners. The State Board of Land Commissioners, comprised of the Governor, State Auditor, Attorney General, Superintendent of Public Instruction, and the Secretary of State, is the head of the department and exercises the general authority, direction, and control over the care, management, and disposition of state lands under its administration. Section 2-15-3201, MCA, provides the statutory authority for the department. The Commissioner of State Lands is the chief administrative officer of the board.

DEPARTMENT OF STATE LANDS

Executive Budget Proposal

Description	Pgm	Fiscal 1992 General Fund	Fiscal 1992 Other Funds	Fiscal 1992 Total Funds	Fiscal 1993 General Fund	Fiscal 1993 Other Funds	Fiscal 1993 Total Funds
House Bill 2							
1) Vacant Position	01	($32,000)	$0	($32,000)	($36,000)	$0	($36,000)
2) Program Reductions	01	(8,500)	0	(8,500)	0	0	
3) Equalization Payments	01	(21,200)	0	(21,200)	(21,200)	0	(21,200)
4) Program Reduction	03	(24,774)	0	(24,774)	(25,663)	0	(25,663)
5) Program Reduction	04	(42,000)	0	(42,000)	(15,000)	0	(15,000)
6) Nursery Program Reduction	25	(18,000)	0	(18,000)	(18,000)	0	(18,000)
7) Appraiser Position	25	(33,000)	0	(33,000)	(33,000)	0	(33,000)
8) Seasonal Employees	25	(48,987)	0	(48,987)	(49,667)	0	(49,667)
9) NW Field Office Vacancy	25	(5,000)	0	(5,000)	(15,000)	0	(15,000)
10) Program Reductions	25	(50,000)	0	(50,000)	(50,000)	0	(50,000)
11) Swan River Lumber	25	(5,000)	0	(5,000)	(5,000)	0	(5,000)
12) Fire Retardant Contract	25	(2,000)	0	(2,000)	0	0	
13) Rebuild Engines	25	(35,250)	0	(35,250)	(23,500)	0	(23,500)
14) Fire Capital	25	0	0		(13,333)	0	(13,333)
15) Metal Building	25	(24,000)	0	(24,000)	0	0	
16) Federal Fire Reimbursement	25	0	(56,000)	(56,000)	0	(56,000)	(56,000)
17) Nursery Funds	25	(35,000)	35,000		(35,000)	35,000	
18) Slash Funds	25	(60,000)	60,000		(60,000)	60,000	
19) Forest Fire FY92 Costs	25	6,373,650	0	6,373,650	0	0	
Totals		$5,928,939	$39,000	$5,967,939	($400,363)	$39,000	($361,363)

1, 2, 4, 5, 6, 7, 8, 9, 10) Vacancy Savings - House Bill 2 imposed 4 percent in vacancy savings on the agency for the 1993 biennium. The Executive Budget proposes vacancy savings of $262,262 in fiscal 1992 and $242,330 in fiscal 1993 for an additional 4.06 percent vacancy savings in all programs in fiscal 1992 and 3.44 percent in fiscal 1993 in positions funded totally or partially with general fund. Approximately $65,176 of the fiscal 1992 reduction and approximately $29,676 of the fiscal 1993 reduction is contained in the non-expended balance of budget modifications. Although the reductions are in personal services, the Executive Budget notes that operational authority may be transferred to personal services if vacancy savings are inadequate to meet the reduction.

DEPARTMENT OF STATE LANDS

3) Equalization Payments - Since 1986, $265,000 has been appropriated annually to counties as payment in lieu of taxes, even though this amount is less than the amount required by the statutory formula. The Executive Budget proposes to reduce the $265,000 appropriation by 8 percent each year.

11, 12) Operations Reductions - The Executive Budget proposes reductions in Forestry operating expenses as follows: 1) $2,000 less fire retardant in fiscal 1992, and 2) $5,000 less timber purchased from state-owned land each year.

13, 14, 15) Equipment Reductions - Forestry equipment reductions of $59,250 in fiscal 1992 and $36,833 in fiscal 1993 proposed in the Executive Budget are for: 1) less fire suppression equipment engine rebuilding, 2) elimination of a new metal building, and 3) fewer purchases of new forest fire capital equipment. Approximately $13,333 of the fiscal 1993 reduction is contained in the non-expended balance of the forestry capital equipment budget modification.

16) Federal Fire Reimbursement - The Executive Budget reduces from $100,000 to $44,000 per year the amount of reimbursements from federal agencies to the Forestry Division which the agency can spend for its administrative assistance in fighting "federal" fires. Federal fire reimbursement funds not appropriated to the agency are deposited in the general fund. Therefore, this reduction in federal appropriations increases the revenue to the general fund.

17, 18) Nursery/Slash Funding Switch - General fund operating expenses in the Forestry Division will be reduced by $95,000 each year and replaced by $60,000 of excess fund balance in the slash account and $35,000 generated by a $.03 increased in nursery seedling prices. The slash account receives deposits from fire hazard reduction agreement fees and a $0.60 fee per 1,000 board feet up to 500,000 board feet on all private timber cut in the state.

19) Forest Fire FY92 Costs - The Executive Budget proposes a general fund increase of $6,373,650 in the Forestry Division's operating budget to pay fire suppression costs incurred in fiscal 1992. In the past, a supplemental has been requested in the second year of the biennium when costs can be better documented. Approximately $1 million of these costs are expected to be reimbursed by the federal government, of which $44,000 is in the Executive Budget proposal and the remainder is deposited in the general fund.

DEPARTMENT OF STATE LANDS

General Fund Budget Modifications

Modification Description	Pgm	Fiscal 1992 FTE	Fiscal 1992 Approp.	Fiscal 1992 Expended Thru Nov.	Fiscal 1992 Percent Expended	Fiscal 1993 FTE	Fiscal 1993 Approp.
1) Trust Land Access	01		$300,000	$6,412	2.14%		$0
2) Helena Office Support Staff	01	2.00	16,451	8,226	50.00%		16,350
3) Revised Lease for Office Space	01		82,992	41,496	50.00%		82,992
4) Trust Land Management	04	2.25	90,629	1,039	1.15%	4.75	115,923
5) State/County Cooperative Fire	25	0.50	43,040	31,590	73.40%	1.08	42,670
6) Block 5 and Philipsburg Fire	25	2.65	67,425	10,107	14.99%	3.35	68,458
7) Best Management Practices	25	1.00	23,435	4,083	17.42%	1.00	23,437
8) Forestry Capital Equipment	25		100,383	95,783	95.42%		100,383
9) Best Management Practices Audit	25		10,000	0	0.00%		0
10) HB 731 - Streamside Mgn. Zones	25	1.25	52,463	0	0.00%	1.25	37,018
Totals		9.65	$786,818	$198,736	25.26%	11.43	$487,231

1) The Trust Land Access budget modification provides $250,000 for the development of an economic study of the surface uses of state lands, with emphasis on recreational uses. In addition, it provides $50,000 start-up costs for implementation of House Bill No. 778 which allows recreational use of state lands by the public. The department has already conducted an environmental assessment of the proposed new regulations governing public use of state-owned land and has held public meetings throughout the state.

2) The Helena Office Support Staff budget modification provides support in the area of computer maintenance, training, and assistance. This modification contains $63,592 of funds other than general fund for the biennium. As of December 1991, 1.00 FTE has been hired.

3) The Revised Lease for Office Space funds the rental of 10,800 square feet of additional office space within the same building currently occupied by the department's central offices. The move was completed in January 1991.

4) The Trust Land Management modification funds additional positions to assist with lease stipulations and follow-up field reviews, illegal land use investigations, and resource planning on grazing, agricultural, mineral, and special use lands. In addition, the department has expanded its investigations of land exchanges, land sales, land use licenses, right-of-way easements, and other land-related issues on trust lands. As of December 1991, no FTE have been hired.

DEPARTMENT OF STATE LANDS

5) The State/County Cooperative Fire modification expands the State/County Cooperative Fire program to include Lake, Lincoln, and Sanders counties in cooperative fire control agreements with the state. From 1967 to date, the department has entered into cooperative fire protection agreements with 49 counties. The state/county agreements specify the general duties and responsibilities of each entity in fire protection and cooperation. The state provides wildland fire training and equipment to the counties for unprotected areas. The county, state, and federal agencies provide mutual aid on an as-needed basis for suppression. This modification also contains $42,850 in funds other than general fund for the biennium. As of December 1991, none of the seasonal firefighting FTE has been hired.

6) The Block 5 and Philipsburg Fire modification provides the necessary resources to assume full fire protection responsibilities for additional state and private lands in two main categories: 1) state and private forests acreage currently contracted with the U.S. Forest Service for fire protection; and 2) the new Philipsburg Forest Fire Protection District. The department currently contracts with the U.S. Forest Service for fire protection on blocks of state and private land. In exchange, the department provides protection on some federal land. There are currently 58,000 more state and private acres protected by the U.S. Forest Service than federal acres protected by the department. This budget modification allows the department to assume this final block of wildfire protection acreage which will end this acreage imbalance. Since 1984, the legislature has approved the transfer of four blocks of fire protection responsibility by the department. The majority of the land in this final transfer involves federal land in the Dillon area. This modification also funds the creation of the Philipsburg Forest Fire Protection District, consisting of 120,000 acres of private and state land now in the Anaconda Protection Unit. This modification also contains $67,940 in funds other than general fund for the biennium. As of December 1991, no FTE have been hired.

7) The Best Management Practices modification adds additional personnel to handle an accelerating caseload in the Forest Practices program. House Bill 678 (1989 legislative session) implemented this program which helps loggers and forest landowners avoid impacts on water quality by using best management practices (BMP). DSL foresters review harvest plans, provide BMP information, do pre-harvest field consultations on priority areas, and re-visit a limited number of sites after harvest to rate BMP application and effectiveness. As of December 1991, .25 FTE (25% of a full FTE) has been hired.

8) The Forestry Capital Equipment funds new vehicles. In recognition of historically insufficient funding replacement of equipment, the 1989 appropriations subcommittee asked the department to prepare a vehicle replacement schedule for submission to the 1991 legislature. Replacement schedules for seven classes of vehicles were developed based on either age or mileage. This modification represents less than 40 percent of the total amount for the first biennium to phase in the full biennial replacement schedule of $721,826. Such a vehicle replacement schedule would allow the department to plan for systematic replacement of vehicles to reduce the average age of its 282 vehicle fleet. This modification also contains $84,234 in funds other than general fund for the biennium.

9) The Best Management Practices Audit modification provides general fund as a biennial appropriation to conduct audits, in consultation with the Environmental Quality Council, of the application and effectiveness of voluntary best management practices for timber sales.

EXH 4A

DEPARTMENT OF STATE LANDS

10) The HB 731 - Streamside Management Zones modification provides staff and funding to develop rules implementing forest practices streamside management standards and to inspect and conduct on-site consultations of federal, state or private land to review harvest plans and watershed conditions. As of December 1991, no FTE have been hired.

Issues

1) By statute, the agency may collect up to one-third of its annual fire protection appropriation from assessments for fire suppression on owners of classified forest land. Each landowner can be assessed up to $30 plus an additional $0.20 for each acre over a 20 acre minimum. Since the Executive Budget proposes a decrease in the fiscal 1993 appropriation for fire protection, the agency estimates that the fiscal 1993 appropriation for landowner assessments needs to be reduced by $43,250.

2) Executive Order 28-91 proposed the elimination of funding ($250,000) for an economic study of the surface uses of state lands contained in the trust land access budget modification. The department has already conducted an environmental assessment of the proposed new regulations governing public use of state-owned land and concluded that the economic study was not needed. However, since holding public meetings throughout the state, the agency now feels that the study is warranted. Therefore, the Executive Budget does not propose eliminating funding for this study.

Casey says NOT Correct

3) The Executive Budget proposes to amend section 20-9-341, MCA to include funds from the sale of timber from state school lands as "interest and income moneys" so that 95 percent of the income (after 2.5 percent is deducted according to section 77-1-607, MCA) would be deposited into the state equalization account and 5 percent would be added to the public school trust. Under this amendment, 92.625 percent of the revenue would be deposited into the state equalization account, 2.375 percent deposited to the department's resource development account, and 5 percent deposited into the public school trust. Currently, all income from the sale of state-owned timber goes to the public school trust.

HB 3

DEPARTMENT OF LIVESTOCK

Budget Item	HB 2 Fiscal 1992	Pay Plan Fiscal 1992	Total Fiscal 1992	HB 2 Fiscal 1993	Pay Plan Fiscal 1993	Total Fiscal 1993	Total Biennium 1992-93
FTE	119.71		119.71	117.71		117.71	
Personal Services	3,348,963	223,721	3,572,684	3,313,216	350,795	3,664,011	7,236,695
Operating Expenses	1,411,851	0	1,411,851	1,220,060	0	1,220,060	2,631,911
Equipment	155,489	0	155,489	147,241	0	147,241	302,730
Total Costs	$4,916,303	$223,721	$5,140,024	$4,680,517	$350,795	$5,031,312	$10,171,336
Fund Sources							
General Fund	777,673	36,663	814,336	772,882	59,390	832,272	1,646,608
State Revenue Fund	3,864,032	171,628	4,035,660	3,632,722	266,585	3,899,307	7,934,967
Federal Revenue Fund	274,598	15,430	290,028	274,913	24,820	299,733	589,761
Total Funds	$4,916,303	$223,721	$5,140,024	$4,680,517	$350,795	$5,031,312	$10,171,336

Agency Description

The Department of Livestock is responsible for the control and eradication of animal diseases, preventing the transmission of animal disease to humans, and protecting the livestock industry from theft and predatory animals. The department, which is provided for in Section 2-15-3101, MCA, consists of the Board of Livestock and its appointed executive secretary; the Livestock Crimestopper's Commission; the Pork Research and Marketing Committee; and the Beef Research and Marketing Committee. The department is organized into five divisions: Animal Health, Centralized Services, Brands-Enforcement, Diagnostic Laboratory, and Meat, Milk, and Egg Inspection. The Board of Livestock, which is statutorily the head of the Department of Livestock, consists of seven members appointed by the Governor and confirmed by the Senate to serve six-year terms.

1-2-92
Exh V

DEPARTMENT OF STATE LANDS

RECEIVED
AUG 21 1991
OBPP

STAN STEPHENS, GOVERNOR

CAPITOL STATION

STATE OF MONTANA

(406) 444-2074

1625 ELEVENTH AVENUE
HELENA, MONTANA 59620

August 21, 1991

MEMORANDUM

TO: Steve Yeakel

FROM: Bob Kuchenbrod

RE: Department of State Lands/1993 Biennium Budget Reductions

I have enclosed our "numbers" for the eight percent reductions. The combination of the figures for FY92 and FY93 do make the biennium goal set by your office.

The chore has not been easy, we, as other departments have, have spent an enormous amount of time and energy to arrive at the total and we believe it an equitable approach to the shortfall. As you know, we did make our reductions earlier to accommodate our 4% vacancy savings and we feel it's important to let you know what those cuts were:

Central Management

- Left a vacant position open	$26,906
- Eliminated equipment	12,500
	$39,406

Reclamation

- Modified positions will remain open until the funds are recovered	$61,080

Lands

- The vacant positions in Trust Land Management MOD will remain open until the funds are recovered	$44,782

Forestry

- The vacancy savings for the Division will be accomplished by leaving seasonal positions

1-2-92

EXHIBIT 5

vacant and reducing our equipment purchases	$282,636
TOTAL	$427,899

We will be available for our "meeting" on the 26th of August to discuss the reductions in detail.

la

OFFICE OF BUDGET AND PROGRAM PLANNING
BUDGET REDUCTION WORKSHEET

	FY 92			FY 93		
	TOTAL GENERAL FUND	TARGET REDUCTION (@ 8%)	PROPOSED REDUCTION	TOTAL GENERAL FUND	TARGET REDUCTION (@ 8%)	PROPOSED REDUCTION
DEPARTMENT OF STATE LANDS						
CENTRAL MANAGEMENT PROGRAM						
General Fund	1,969,269	157,542	290,500	1,625,814	130,065	36,000
RECLAMATION PROGRAM						
General Fund	309,676	24,774	24,774	320,783	25,663	25,663
LAND ADMINISTRATION PGM						
General Fund	838,373	67,070	42,000	898,184	71,855	15,000
FORESTRY						
General Fund	6,148,690	491,895	360,500	6,256,059	500,485	358,500

EXHIBIT 5

EXHIBIT 3

August 21, 1991

DEPARTMENT OF STATE LANDS
8% PROPOSED REDUCTIONS

CENTRAL MANAGEMENT	FY92	FY93
Goal	$ 157,542	$ 130,065
Options:		
Recreation Access The reduction will not allow the department to provide the economic analysis of recreational access.	250,000	0
Helicopter Mover	8,500	0
Vacant Position	32,000	36,000
TOTAL	290,500	36,000

RECLAMATION		
Goal	24,774	25,663
Options:		
Miscellaneous The Administrator of the division has been asked to reduce his operating expense for the indicated amounts. He feels sure it can be accomplished.	24,774	25,663

LANDS		
Goal	67,070	71,855
Options:		
Equipment	42,000	15,000

FORESTRY		
Goal	491,895	500,485
Options:		
Miscellaneous The Administrator of the Forestry Division relates that an overall	50,000	50,000

EXHIBIT 3

TOTAL DEPARTMENT

Goal	741,287	728,068
Central Management	290,500	36,000
Reclamation	24,774	25,663
Lands	42,000	15,000
Forestry	360,500	358,500
	717,774	435,163

Plus:

St. Equal Payments The department is appropriated $265,000 to pay 18 counties payments in lieu of taxes. The 8% cut could be passed on to the counties and the general fund appropriation could be reduced to $243,800 or the $265,000 could be reduced from the total and thus saving the expense to the counties.	21,200	21,200
Pay Plan Error During the allocation of the FY 1991 pay plan funds the TSI account was over funded by the above amounts, the funding should have been added to the general fund appropriation. The "error" was not detected until after the state allocation of the pay plan funds and therefore we were informed that the funds available have been depleted. The department would like to be credited for the amounts and thereby reducing our obligation.	103,649	172,980
Total Options	842,623	629,343
Over/Under	+101,336	-98,725

Total Biennium

Goal	$1,469,955
Options	1,471,966
Over/Under	+2,611

1-2-92
EXHIBIT 5

reduction of operating expense can be accomplished by the division.			
Metal Building	25,000	24,000	0
Nursery Funding Increase tree seedling prices and use increased revenues to offset general fund. The state special spending authority for the Timber Standing Improvement (TSI) account is in excess of $100,000 for FY92 and $172,000 for FY93. It is requested that the authority be re-allocated to the slash account and the nursery account in order that the cash balances be used to offset general funds.	35,000	Same	35,000
Nursery Reduction An overall reduction of operating expense can be accomplished in the nursery program.	18,000	Same	18,000
Federal Reimbursement The Forestry Division is authorized by the Legislature to retain the first $100,000 of federal funds that are re-imbursed to the division. The division suggests that the amount could be reduced for the minimal amount of activity.	56,000	Same	56,000
Slash Funding Spend current cash balances in lieu of general fund. The state special spending authority for the Timber Standing Im-provement (TSI) account is in excess of $100,000 for FY92 and $172,000 for FY93. It is requested that the authority be reallocated to the slash account and the nursery account in order that the cash balances be used to offset general funds.	60,000	Same	60,000
Vacant Position	33,000	Same	33,000
Rebuild Engines	3,500		3,500
Block 5 FTE Hold back the hiring of the seasonal positions in the Block 5 and Philipsburg District MOD (0.75FTE).	10,000		10,000
3 FTE Foresters Place 3 existing foresters in new federally funded positions.	70,000		93,000
TOTAL	360,500		358,500

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Natural Resources COMMITTEE BILL NO. _____

DATE 2/2/92 SPONSOR(S) _____

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Danny Oberg	Montana PSC			
Jim Jensen	MEIC			
Bill Fraser	Livestock			
John Skufa	" "			
E.E. Mortensen	" "			
Bob Gelbert	MT Woolgrowers Assn			
Bob Kuchenbrod	Lands			
D. Casey				
Gordon Morris	MAG			
R. Mosley	Lands			
Gary Amestoy	Lands			
Thomas M. Hirst	Lands			
Gary G. Brown	DSL			

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

VISITOR'S REGISTER

Natural Resources COMMITTEE BILL NO. _____

DATE 2-2-92 SPONSOR(S) _____

PLEASE PRINT PLEASE PRINT PLEASE PRINT

NAME AND ADDRESS	REPRESENTING	BILL	OPPOSE	SUPPORT
Don Artley	DSL			
Jeff [illegible]	DSL			
John North	DSL			

PLEASE LEAVE PREPARED TESTIMONY WITH SECRETARY. WITNESS STATEMENT FORMS ARE AVAILABLE IF YOU CARE TO SUBMIT WRITTEN TESTIMONY.

HOUSE OF REPRESENTATIVES

WITNESS STATEMENT

PLEASE PRINT

NAME HOWARD L. ELLIS BUDGET P.S.C.

ADDRESS

WHOM DO YOU REPRESENT? P.S.C.

SUPPORT OPPOSE AMEND

COMMENTS:

HR:1991
CS16