

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 51st LEGISLATURE - REGULAR SESSION

SUBCOMMITTEE ON NATURAL RESOURCES

Call to Order: By Chairman Gary Spaeth, on February 1, 1989, at 8:00 a.m.

ROLL CALL

Members Present: All members were present.

Members Excused: None.

Members Absent: None.

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

HEARING ON DEPARTMENT OF FISH, WILDLIFE AND PARKS

List of Proponents and Groups they Represent

Don Hyppa, FWP
Dorothy Eck, Representative, District #40
Jim Smith, HRDC Association
Janet Ellis, Audubon
Ron Marcoux, FWP
Arnie Olsen, FWP

State Parks Division 44:A (001)

Mr. Marcoux introduced Don Hyppa, the Parks Division Administrator, who presented an overview of the situation regarding funding and issues that are facing the state parks system and some of the decisions he felt are necessary.

Mr. Hyppa began his presentation with an overview of the responsibility of the parks division. The duties include maintenance of the capital grounds and all state buildings, the snowmobile recreation program, 250 fishing access sites and 60 state parks and they are also responsible for the administration of the Federal Land and Water Conservation program in Montana. This is a dollar for dollar matching program which goes to every level of government, local communities as well as the state, for the purpose of either buying recreational land or building recreational facilities. He stated that they are also responsible for comprehensive recreational planning under that program.

The major issues that face the parks system with respect to the budget are related to the state park system itself. Mr. Hyppa then presented a slide show which provided some

background on why we have the issues that now exist in the state park system.

Following the presentation Mr. Hyppa distributed a fact sheet, Exhibit 1, which presented some information about the state park system entitled "Montana State Parks at the Crossroads". He directed the committee's attention to the last page on which is outlined the nine points which highlight the nine initiatives that the parks system is undertaking to improve the park situation. Two items, the fee system and question of what to do with federal sites, are to be considered by the committee today.

Mr. Hyppa stated that during 1988 the division had contracted with the Bureau of Business and Economic Research to do a survey to determine the potential of the state parks system to improve Montana's tourism climate and contribute to the economy. (Exhibit 2) They found in their survey that residents and non-residents had the same expectations from the parks system. They want good visitor service, good roads, campgrounds, water systems, toilet services and those kinds of things. In the past they thought they had to make a choice between serving residents or non-residents and they found that this is not true. If the parks are developed for Montanans, the non-resident needs will also be served.

Mr. Hyppa stated that the first issue he would like to address was that of the federal sites. He said that when they were asked to prepare their budget, they were asked where they could do more "belt tightening" and this was one of the options which was chosen as the best of some very poor options. They concluded that if they couldn't do a good job of managing state-owned sites, it was time to question whether it was appropriate to put state money into the management of federal sites where a federal agency had the responsibility.

The assumption was made that if the state were to cease managing those sites, the public service would not be lost. This they determined later was not a good assumption. They discussed this matter with the Fish and Game Commission, discussed it with the governor and got his concurrence and then began discussing it with the federal agencies and finally with the public to see what its reaction would be. Now it is being discussed with the legislature as they will have to make the policy decision as they decide how the budget is to be allocated. The status of the proposal is that no decision has been made on any of the sites. The transfer would be scheduled for next summer or fall. In the case of Lost Creek, the Forest Service is willing to take the site back as they feel it would work well in their future plans for the Flint Creek Range. A letter from Representative Menahan states that he feels it would be a loss to the Parks System to give up that area.

In the case of Canyon Ferry, the Bureau of Reclamation has acknowledged that they can manage that site. The agreement with them is continuing on a year to year basis until a decision is made. The Bureau of Land Management might take over the management. The Bureau of Reclamation has \$550,000 in their budget request to carry forward operations at Canyon Ferry until the future of Canyon Ferry under federal management can be determined. They are looking at the need for a major capital improvement. The state is managing Canyon Ferry with a budget of \$170,000. There is divided public opinion and also a divided legislative opinion as to whether or not Canyon Ferry should be returned to the federal government. It is the most heavily used park in the system with three-quarters of a million visitors a year. Five public meetings have been scheduled to hear this issue in the Canyon Ferry area next week.

The Corps of Engineers has stated that they have budget constraints and a policy mandate that says if they take back any sites and they cost any more money to operate, they will have to find another manager or close the site. This is the case with Hell Creek. There is a water system problem there as well as other capital needs that will have to be addressed if the state retains the site.

Nelson Reservoir is a Bureau of Reclamation site and there is a small primitive campsite there. The Bureau of Reclamation has indicated that they could take it back, manage it at the status quo, and it does not seem to be an issue in the area.

James Kipp is a Corps of Engineers site at the Fred Robinson Bridge and is also at the lower end of the Wild and Scenic Missouri which is managed by the Bureau of Land Management. The best long term future for this park would be for it to come under the management of the BLM as a part of the Wild and Scenic Missouri. The Corps and the Bureau agree and it is just a matter of working through to the end. It will take some time to complete the transfer but there are no serious policy issues.

The present budget was structured in a way that removed the management of these federal sites and substituted some redirection projects for using that money in the park system. Once the legislature tells the system what it should be doing, the budget can be restructured. The present budget contemplates that the federal sites will be returned for federal management.

Senator Jenkins inquired if this issue had been brought up within the last year in order to get the public to put pressure on the legislature to fund the park system fully. Mr. Hyppa stated that this was not the case. The park system does have the authority to cancel the agreements with the federal agencies at any time. However, this was not timed to put pressure on the legislature. Mr. Marcoux stated that they

had dealt with that issue when developing the budget and recognized the concerns of the parks division. They not only discussed it with the Commission but also brought it to the Governor and he said they simply had to consider their options.

Chairman Spaeth said that in fairness to the Division, for the information of the committee, there was a lot of general fund money in the parks division. However, when the legislature met in special session in 1985, they took all the general fund money away from them. They were told then that they would have problems and they would have to be addressed at a later session. The coal tax money has not kept up and the general fund money was gone.

The parks division is working with a consultant to define the future of the park system. There will be a four-level classification. Level one would be destination parks like Lewis and Clark Caverns or Flathead Lake or areas that should be developed as destination parks; level two are areas like Lake Elmo, Spring Meadow or Hell Creek which should be brought up to a good standard but a basic operation. The third level would be parks that should be put in "moth balls". They don't belong in any park system as they no longer meet their objectives for one reason or another. The fourth level are parks that should be turned over to another entity for management.

44:B (193) Mr. Hyppa then discussed the proposed fee system. He stated that the park system had been charging fees in four different locations prior to this time so the idea of charging fees is not new. However, the public will not react favorably if the sites are not in good shape. No official action has been taken by the Fish and Game Commission as they are awaiting some direction from the legislature. They have, however, developed a proposed fee schedule. Exhibit 3 and 4. The proposal includes using one-half of the fees collected for the capital program and the other half for maintenance. Also see Exhibit 5 which contains a compilation of public comments regarding the fee system.

There are still three major issues to be addressed. The fee itself will not cover all the costs because they will need to improve day to day service. There is also cyclic maintenance and they should be looking towards refurbishing a number of parks. Mr. Hyppa stated that they had put together a plan for the legislature's consideration which they refer to as the "Model Parks" program. This would focus the division's attention on a few key places, level one, destination parks such as Flathead Lake, Makoshika or Lewis and Clark Caverns. They would put as much resource into these parks as possible and when it was completed people could see what they were getting for their money and, in turn, more revenue would be generated. The trade off

would be that there are 60 parks in the system and they all need work and perhaps the money should be spread throughout the parks system. Exhibit 6 is a "New Entrance Fee Proposal" which shows how the Parks Division would propose spending the receipts from the fee proposal. There would be approximately \$1,000,000 of new money per biennium without the federal sites or \$1.2 million if the federal sites are retained.

45:A (077) Mr. Hyppa then explained the revised Parks Capital Proposal. Exhibit 7. He stated that there could be different variations of this proposal because the plan is still evolving.

Chairman Spaeth stated that the Natural Resources Subcommittee would be meeting with the Long Range Planning Committee to consider how this program will affect the projects the Long Range Planning Committee might be considering.

The Montana Conservation Corps project was then discussed (355). This is one of the modified proposals in the parks division budget. It was begun last year on an experimental basis at Wayfarers at Flathead Lake and Makoshika at Glendive. However, throughout the United States, 50,000 people participated in 50 Conservation Corps programs in 39 states. Mr. Hyppa said it could be of great benefit to states like Montana where there are limited dollars to spend on state parks. He presented a short slide presentation about the Conservation Corps pilot project which took place in Montana during the summer of 1988.

The budget modification covering this project requests \$256,918 in 1990 and \$338,547 in 1991. The Parks Division recommends the program highly if funds can be found to put it together.

Senator Dorothy Eck advised that she has introduced a bill for the Conservation Corps. It is not an appropriation bill and she said she was counting on the budget modification as the appropriation needed. The legislation was originally passed about six years ago. At that time it was expected that there would be federal money to support the program however that money did not materialize. The last couple of sessions they have tried to find the money somewhere to fund the program. During the last interim a committee chaired by Dave Hunter, and Jane Hamman from the OBPP, worked on a committee together with the Department of Labor and SRS as a method of putting general assistance people to work. The projects that were completed last summer were funded by HRDC and she said she would like to see this continue. She said she felt it was a good way of getting good value and work done for the state but the most important thing is what it does for the participants. They take "no good kids" and after just a few months they have been turned around. In other states they take difficult cases and keep them for nine months or a year and almost without a doubt they come

out saying it is the best experience they have had. She said she thought that this was the area where the State of Montana would gain the most in providing a work experience for young people.

Representative Eck continued that the bill coming out has added some agencies to it whereby they hope they will get assistance from the DNRC on various grant programs where some of these projects could also make use of the Corps. The program has a lot of potential. In a few years she would hope to see a dozen groups around the state. The ones the HRDC work with are primarily youths but the bill has no limits and in some states they have very good experience with getting older people to work with the young people and that provides good experience for them as well as the young people.

Representative Eck stated that there will be groups from conservation corps from other states working in Yellowstone Park this summer and she felt that Montana should have a Corps in place by that time. She said she thought the Parks Division would feel more comfortable if there were general fund money in the program but she also believes that the interagency cooperation that she has seen would provide enough commitment so that the dollars would be transferred and there would be enough money for the state parks to go ahead and get this started. It will reap benefits far beyond the small amount of money involved.

Jim Smith, representing Human Resource Development Council's Association said he wanted to report to the committee that he wanted to focus in on the youth that were being talked about and share a little information about them. In order to be eligible for this summer youth employment program the family has to have a very low income, 70% of the Bureau of Labor Statistics lower living standard, not an eligibility trait that he was familiar with other than to say that it is more restrictive than the eligibility for food stamps or low income energy assistance. These kids are prime candidates for dropping out of school and general assistance and in the extreme case for Deer Lodge. What they find in the summer youth programs is that if they can intervene positively when they are teenagers it can make a lasting difference in their adult lives in terms of work habits, work skills, staying in school and turning these kids into responsible adults. That is the paramount value of the program and the real value of the pilot program. He said they feel and try to communicate to anyone who will listen that work itself is therapeutic even without the literacy testing, the family counseling and intervention. They would be very interested in continuing this program and participating along with the Department of Fish, Wildlife and Parks. He said their working relationship with the Department in the pilot program was excellent.

Mr. Hyppa passed out two handouts concerning the program. The first one, Exhibit 8, was a document entitled "Highlights of the Montana Conservation Corps" which described the eligibility requirements, how the different agencies interact and a little about the program. The second handout is a proposed budget, Exhibit 9, for the coming biennium for the program. He said there is a potential gap in the funding and that at the present time they don't know how much of the administrative overhead the programs will take. It will be necessary to have someone in Helena to design the program, design the manual, apply for grants, design the projects, order supplies and train the parks division personnel.

Mr. Smith stated that there is some discretion where the Private Industry Council is concerned because they are free to allocate the money to whomever applies and is qualified to operate this program. There is a cap on the federal dollars that can be used for administration. Beyond that, he said he would share with the committee that the HRDC have operated these programs under the job training act and prior to that under CETA and as early as 1969 under the Manpower Development and Training Act. He said they feel a proprietary amount of interest in these programs.

Mr. Hyppa said they still had to identify about \$150,000 to cover administration in the \$600,000 biennial project and this amount of overhead had to be built into the program. Discussion followed. Mr. Hyppa stated that he just wasn't sure they had all the pieces to the puzzle.

In conclusion, Mr. Hyppa stated that what they had tried to do was develop a self-help program. The nine points are ways they have devised to turn the declining situation in the park system around and in that strategy what they have tried to do is maximize the use of department funds to the degree they feel is wise to do that. This won't solve the whole problem. A lot of the funds they anticipate getting are uncertain but what he wanted to impress upon the committee was that while they have pulled together all the resources they can, they really haven't solved the entire program and they will have to look at the long term and put that into perspective. They did an inventory of just bringing the parks up to an acceptable standard on the 60 sites and it would cost approximately \$60,000,000. They need to look at some long range stable strategies and stable funding sources to begin taking care of the problem.

There were no further questions. Mr. Schweitzer, the LFA, handed out copies of his analysis for this division (Exhibit 10), however, the budget for this division will be considered at a later date.

Chairman Spaeth stated that the committee would continue with executive action.

Wildlife Division (320)

The LFA analysis is attached as Exhibit 11_.

Issue No. 4. Special Revenue Accounts. Mr. Schweitzer stated that the committee could talk about all the issues together. What happened was that when the department presented their budget to the LFA there were some programs and documentation that showed that in the Wetlands, Sheep, Non-game and Pheasant programs, all were being expanded and there were dollar amounts to show the expansion. In the base there was also money for the programs that the LFA thought should have been taken out because he thought the expansion covered the entire program. In reviewing this with the division and the OBPP it appears that some money in the base should have been taken out and there was some money in the base that the LFA should have left in. Mr. Schweitzer explained that in the LFA's analysis, the Base Reduction is the money he took out that should have been left in and the Overstatement is the money that he had taken out that he should have. Basically, for the biennium there is \$60,074 in the Base Reduction and \$55,978 in Overstatement. Mr. Olson said that he would concur with Mr. Schweitzer's analysis.

MOTION: Senator Jergeson made a motion to accept the LFA on the Overstatement and the executive on the Base Reduction.

VOTE: MOTION PASSED. All present voted in favor.

Issue No. 6. Mr. Schweitzer stated that the executive proposes increasing the base because of a mild winter resulting in less flying. The money appropriated was not spent in 1988. Mr. Olson said that because of the drought cycle over a period of time the budget for aerial flights for big game have decreased and they have not been able to expend the effort they would normally expend in a base year. The mild weather makes visibility very difficult particularly in Eastern Montana if there are not snow conditions. In Western Montana when there are patchy snow conditions the elk are not forced down on the winter ranges and stay in the timber where it is difficult to see them. There is also the situation in the Yellowstone Park area where elk and buffalo move out of the park and they do extensive surveys along the Park boundaries so they can indicate how much harvest is necessary to keep that situation under control particularly in view of the brucellosis in the buffalo.

MOTION: Representative Swift made a motion to approve the executive recommendation and look into it again in two years.

VOTE: MOTION PASSED. All present voted in favor.

ADJOURNMENT

Adjournment At: 11:15 a.m.



REP. GARY SPAETH, Chairman

GS/dg

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MONTANA STATE PARKS AT THE CROSSROADS
Fact Sheet

HISTORY

- 1929 State Land Board authorized to set aside state lands for parks.
- 1936 Lewis and Clark Caverns donated as first state park.
- 1939 First comprehensive legislation establishes state park system and a separate State Park Commission.
- 1947 State parks receive first legislative appropriation.
- 1953 State parks transferred to Highway Commission with \$45,000 annual budget.
- 1963 Fish and Game Department appropriation includes legislative intent to allocate funds for development of fishing and boating facilities in state parks.
- 1964 Motorboat fuel tax separated from gas tax for state boat park creation, improvement, and maintenance (now 0.9%).
- 1964 Federal Land and Water Conservation Fund (LWCF) established to provide up to \$900 million annually for park development nationally.
- 1965 State parks and LWCF program given to Fish and Game Commission.
Montana Outdoor Recreation Advisory Committee established (eliminated by 1971 Executive Reorganization Act).
- 1975 Coal tax park acquisition trust fund established at 2.5% of coal tax receipts.
- 1982 LWCF funding for state and local park development projects in Montana reduced to \$0 from a maximum of \$3.4 million in 1979, now at \$157,000.
- 1986 All coal tax park tax earnings earmarked for parks trust diverted to General Fund until June 30, 1989; parks trust interest earnings diverted solely to park maintenance.
- 1987 All General Fund support of state park system eliminated.
Net loss of \$1 million per year since 1985 from Coal Tax and General Fund in state park repairs and improvements.
- 1989 Montana Centennial Celebration
State Park System Golden Anniversary

PRODUCTS AND SERVICES

Parks -- 60 parks, 8 affiliated lands.
Visitation -- 2.9 million estimated in 1986.
Total park acreage -- 21,928 deeded; 8,800 leased.

Parks are classified under a variety of designations which are currently grouped as follows:

Natural Parks

- 5 - State Parks
- 10 - State Natural Parks

Cultural Parks

- 4 - State Historic Parks
- 11 - State Historic Sites

Recreation Parks

- 8 - State Recreation Areas
- 22 - State Recreation Sites

Affiliated Lands

- 8 - various designations

Largest state park -- Makoshika, 8,834 acres; smallest -- Granite, one building.

Most self-supporting park -- Lewis and Clark Caverns, \$152,230 (100%).

Most visited park -- Canyon Ferry, 623,600 visits in 1986.

Most popular activities -- camping, picnicking, fishing, hiking, swimming, boating, nature study.

Most needed facilities according to visitors -- campground improvements, boating and swimming facilities, comfort stations, drinking water, park roads.

Reasons given by former visitors for avoiding state parks -- too crowded, poorly designed or maintained.

Number of units operated by State Parks Division -- second in the nation, Minnesota is first.

Entrance fees -- unlimited free access to all but four of 60 parks (Lake Elmo--maximum \$1/person; Spring Meadow Lake--\$0.50/person; Wayfarers and Whitefish--\$2/car).

Camping fees -- charged at 25 parks, \$3 or \$5 per night, resident maximum of \$35 per year; only state in the nation which allows unlimited free camping for senior citizens, disabled persons, and their guests, an annual value of \$92,000.

FINANCING

Total operating budget of State Parks Division -- 48th in the nation, only Wyoming and North Dakota rank lower.

Operating costs per visitor -- Montana \$0.49; North Dakota \$1.67; National Park Service \$1.52.

Average park budget -- Montana \$25,000; North Dakota \$66,000; Colorado \$145,000.

	<u>Helena</u>	<u>Field</u>
Full time employees in 1988	6	34
Seasonal employees in 1988	0	140
State park buying power in constant 1977 dollars (total 1,858 inflation factor, 1977 through 1987):		

<u>1977 (FY78)</u>	<u>1987 (FY88)</u>	in 1977 dollars
\$1,412,400	\$983,891	maintenance
\$ 799,946	0	repair and improvement
\$ 50,770	0	new parks and inholdings

State park funding in 1987 (FY88):

<u>DEPT TOTAL</u>	<u>OTHER DIV.</u>	<u>PARKS DIV.</u>	
\$1,321,446	\$399,622	\$921,824	coal tax
825,181	189,096	636,085	motorboat fuel tax
492,547	116,360	376,187	fees and charges
-0-	-0-	-0-	General Fund -
(\$640,618 in 1985)			
<u>2,639,174 (100%)</u>	<u>705,078 (27%)</u>	<u>1,934,096 (73%)</u>	

Deferred repair and improvement needs are extensive due to heavy, continual public use and previous growth of the system without accompanying financing to manage:

- \$60 million -- 1988 cost estimate
- 17 parks have never been developed for public use
- 19 other parks have critical renovation needs

Deferred repair and improvement projects:

Campgrounds -- campsites, tables, grills, etc.
68 projects - \$1,851,395

Grounds improvements -- picnic sites, water, utilities, fencing, misc.
86 projects - \$2,760,961

Buildings -- comfort stations, vault toilets, maintenance buildings, visitor centers.
52 projects - \$8,692,650

Boating and swimming facilities -- boat ramps, docks, beaches.
41 projects - \$1,846,000

EXHIBIT _____

DATE _____

HB _____

Park roads and trails -- parking lots, roads, trails, signs
92 projects - \$30,375,520

Park inholdings -- acquisitions, conservation easements, etc.
22 projects - \$15,008,301

MANAGEMENT, PARTNERSHIP AND FINANCIAL INITIATIVES

1. We will focus our attention on state-owned lands. Therefore, we have proposed returning five state-operated parks on federal lands back to federal management.

2. We will continue to rely on the coal tax. The original concept is sound: through the use of one natural resource (coal), our heritage resources (state parks) are protected and made available for public enjoyment.

3. We will work with other state agencies to develop a proposal for a Montana Conservation Corps to work on park improvements while reducing unemployment and providing vital job training to economically disadvantaged Montanans.

4. We will redirect the state park program to provide more of what visitors want -- quality facilities, service and information programs funded by user fees and savings from the transfer of parks on federal lands.

5. We will work to create a state parks foundation for fund raising from private sources.

6. A non-profit association will sell interpretive items such as books and tapes to raise money for state parks.

7. We will accelerate and formalize cooperative programs with user groups, non-profit civic organizations, tourism councils, chambers of commerce, private business, other agencies and local historical societies.

8. We will explore ways of strengthening our alliance with the Montana tourism industry to make state parks major drawing cards.

9. A parks entrance fee system, through which users will be charged equitable fees, will be developed.

For more information see:

Great Escapes, Montana State Parks by Rick Newby, Falcon Press, 1988

Address inquiries to: Parks Division
Montana Dept. of Fish, Wildlife and Parks
1420 East Sixth Avenue
Helena, MT 59601 (406/444-3750)

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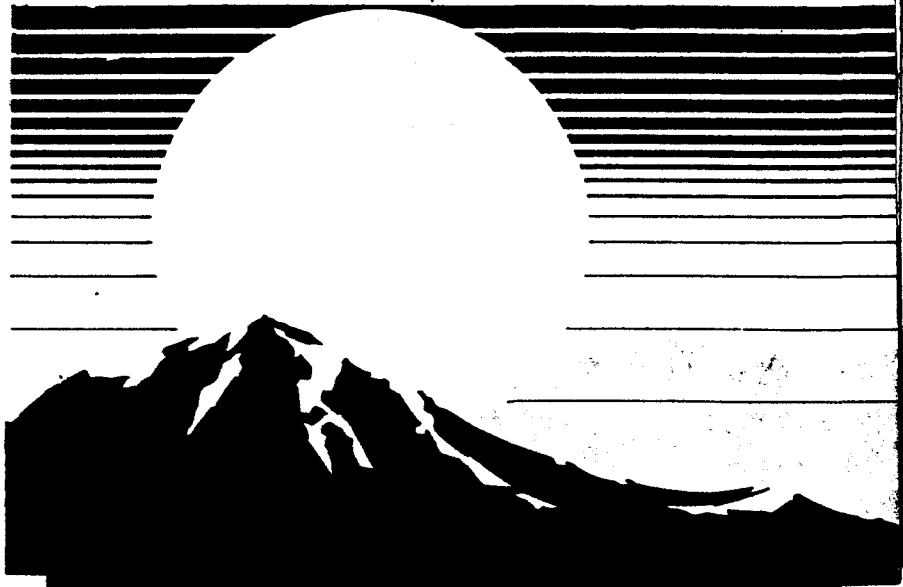
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Montana State Parks System Visitor Study

Prepared for
Parks Division
Montana Department of Fish,
Wildlife, and Parks

by
The Bureau of Business
and Economic Research
School of Business Administration
University of Montana
1989

EXHIBIT 2
DATE 2-1-89
HB 102



D R A F T
January 24, 1989
REVISED DEPARTMENT RECOMMENDATION

STATE OF MONTANA
DEPARTMENT OF FISH, WILDLIFE AND PARKS
1989 ANNUAL RULE - STATE PARK SYSTEM RECREATION FEES

Legal Authority for Rule

Sections 23-1-105, 23-1-106, and 87-1-303 authorize the collection of fees and charges for the use of state park system units and fishing access, and contain rule-making authority for their use, occupancy and protection. By virtue of this authority, the department has promulgated the following rule.

RECREATION FEES

"Recreation fees" refer to the following types of fees:

1. Entrance fees - are fees for gaining access to "designated entrance fee areas" of the State Park System, either on an annual passport or single visit entrance fee basis.
2. Recreation use fees - are fees for the use of specialized sites, facilities, equipment or services furnished at state expense, and are paid in addition to entrance fees at park units where entrance fees are charged.

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3. Special recreation permit fees - are fees for specialized recreation uses such as group activities, recreation events, motorized recreation vehicle activities, and other specialized recreation uses.

ENTRANCE FEES

Designated Entrance Fee Area Criteria

A "designated entrance fee area" is an area which meets all of the following criteria:

1. The area is a unit of the Montana State Park System administered by the Parks Division of the Department of Fish, Wildlife and Parks.
2. The area is administered primarily for scenic, historic, archaeologic, scientific, or recreational purposes.

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3. The area has recreation facilities or services provided at state expense.

4. The nature of the area is such that entrance fee collection is administratively and economically practical.

Types of Entrance Fees

State Park Passport - is an annual pass that permits entry to all designated entrance fee areas. It can be purchased at selected license agents, department offices, and designated recreation fee areas. It is valid for one calendar year and admits the permittee and any ~~persons who~~ accompanying persons ~~the permittee~~ in a single, private non-commercial vehicle; or alternatively, the permittee ~~and his or her~~ and accompanying spouse, children, and parents ~~when~~ where entry is made to designated recreation fee areas which charge by means other than a private, non-commercial vehicle.

A non-commercial vehicle includes any wheeled motor vehicle used for private recreation purposes such as a passenger car, pickup, or camper. If the permittee and spouse, children, or parents enter the designated entrance fee area in two separate vehicles, only the

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vehicle with the permittee will be covered. The second motor vehicle will be subject to the single visit entrance fee. The passport does not cover camping or other recreation use fees. The passport is non-transferrable and non-refundable.

Single Visit Entrance Fee - charged for the entry of a single, private non-commercial vehicle and all its passengers into a park area, or for the entry of a single person into a park on foot, by bus, or by other means including a private non-commercial vehicle.

A "single visit" means a more or less continuous stay within a designated area. Payment of a single visit entrance fee shall authorize exits from and re-entries to a single designated area for a 24-hour period only, such period to be defined for each designated area by the administering regional park manager based upon a determination of the period of time reasonably and ordinarily necessary for such a single visit.

Non-Fee Entrance Permits - may be established by the park manager. These permits can be issued to individuals entering the park for non-recreational use. Qualifying individuals include, but are not limited to, concession and park employees.

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RECREATION USE FEE

Recreation Use Fee Criteria

A recreation use fee shall be charged if:

1. At least one of the following criteria is satisfied.
 - a. A substantial state investment has been made in the facility.
 - b. The facility requires regular maintenance.
 - c. The facility or service requires the presence of on-site personnel.
 - d. The facility is utilized for the personal benefit of the user for a fixed period of time.
2. All of the following criteria are satisfied.
 - a. The facility is developed, administered, or provided by the Department of Fish, Wildlife and Parks.

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- b. The facility is provided at state expense.
- c. The nature of the facility is such that fee collection is administratively and economically practical.

Types of Recreation Use Fees

Overnight Camping Fees - are charged per "camper unit" for a specific campsite or temporary area designated by the park manager. No more than two camper units may occupy one campsite, and each camper unit must pay an overnight camping fee.

A "camper unit" is defined as a motorized vehicle, motorhome, camping bus, pull-type camper, tent, or any device designed for sleeping, including a combination of any two that are used by parents and their unmarried children.

~~Designated Group Use Area Fees - The following rules apply to designated group use areas:~~

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- ~~a. Telephone reservations may be made to the appropriate regional headquarters or park office between 8 a.m. and 5 p.m., Monday through Friday. All telephone reservations must be confirmed within 48 hours by the completion and filing of an application for group use and the payment of cash or 2 checks (one for use fee; one for cleaning deposit) by a representative of the interested group in the appropriate office.~~
- ~~b. Department representatives shall have sole authority and discretion to determine if violation of rules and regulations or undue expense in cleanup or maintenance of the area shall be grounds for denying return of the cleaning deposit and/or denying another reservation to any group. The Department may post more specific or rigorous rules for the use of each group use area as group size and/or complexity of use dictates.~~
- ~~c. A non-refundable use fee and a refundable cleaning deposit of twice the use fee will be assessed for each area for each 24 hour period or fraction thereof.~~

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~~d. In the event a reservation is cancelled more than 72 hours before the intended use period, the use fee and cleaning deposit shall be refunded. If a reservation is cancelled less than 72 hours before the intended use period, only the cleaning deposit must be refunded.~~

~~If park is unavailable for the intended use (such as weather conditions), fee and deposit will be refunded.~~

~~e. Individuals in a group are subject to the fee schedule for that area, in addition to the group use fees.~~

Other facilities and services which are eligible for recreation use fees include:

- | | |
|---------------------------------------|------------------------|
| -Guided tours | -Campfire wood |
| -Specialized sites (rifle ranges) | -Overnight shelters |
| -Swimming areas with lifeguards | -Boat rental |
| -Boat mooring & storage facilities | -Reservation services |
| -Boat launching facilities & services | -Trailer dump stations |
| -Electrical hook-ups | -Extra Vehicle |
| -Vehicle & trailer storage facilities | |

SPECIAL RECREATION PERMIT FEES

Special Recreation Permit Fee Criteria

Before issuing a special recreation permit, the following conditions must be satisfied:

1. The use complies with pertinent state and federal laws and regulations on public health, safety, air quality, and water quality.
2. The use will not adversely impact archeological, historic, or natural values and is not in conflict with existing classification policy guidelines and specific park management objectives.
3. The necessary clean-up and restoration is made for any damage to resources or facilities.
4. The use is restricted, to the extent practical, to an area where minimal impact is

imposed on the natural, cultural or recreational resource values.

Types of Special Recreation Permit fees

Designated Group Use Area Fees - The following rules apply to designated group use areas:

- a. Telephone reservations may be made to the appropriate regional headquarters or park office between 8 a.m. and 5 p.m., Monday through Friday. All telephone reservations must be confirmed within 48 hours by the completion and filing of an application for group use and the payment of cash or 2 checks (one for use fee; one for cleaning deposit) by a representative of the interested group in the appropriate office.

- b. Department representatives shall have sole authority and discretion to determine if violation of rules and regulations or undue expense in cleanup or maintenance of the area shall be grounds for denying return of the cleaning deposit and/or denying another reservation to any group. The Department may post more specific or

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REVISED DEPARTMENT RECOMMENDATION

rigorous rules for the use of each group use area as group size and/or complexity of use dictates.

- c. A non-refundable use fee and a refundable cleaning deposit of twice the use fee will be assessed for each area for each 24 hour period or fraction thereof.
- d. In the event a reservation is cancelled more than 72 hours before the intended use period, the use fee and cleaning deposit shall will be refunded. If a reservation is cancelled less than 72 hours before the intended use period, only the cleaning deposit must will be refunded. If park area is unavailable for the intended use (such as weather conditions), (due to unscheduled maintenance, etc.), fee and deposit will be refunded.
- e. ~~Individuals in a group are subject to the fee schedule for that area, in addition to the group use fees.~~

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Other uses which are eligible for special recreation permit fees include:

-group activities

-fishing derbies

-boating regattas

-motorized vehicle activities

-fireworks displays

-athletic events

FEE EXEMPTIONS

State law (Section 23-1-105(2)(3), M.C.A., prohibits charging certain types of recreation fees in the following two instances:

1. Golden Years Pass - No overnight camping fees shall be charged for each camper unit occupied by a Montana resident 62 years of age or older who can exhibit on demand either:
 - a. Photo identification (e.g. Montana Driver's License); or
 - b. A "Montana state golden years pass" which may be purchased for \$1.00 at

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REVISED DEPARTMENT RECOMMENDATION

the Helena office of the department or at any regional headquarters.

2. Disabled Persons - No recreation fees shall be charged for a Montana resident who has been medically determined to be blind or permanently disabled and is eligible to receive benefits under federal law. A federal Golden Access Passport must be displayed as proof of disability.

In addition to the above, recreation fees may be discounted or exempted in the following instances:

3. Park managers may discount or exempt recreation fees for organized tours or outings conducted for educational or scientific purposes and for those actively engaged in medical treatment or therapy in the area visited.
4. In addition, a park manager may, when in the public interest, prescribe certain hours or days during which the collection of recreation fees should be discounted or exempted for specific events, or when services are reduced.

Entrance Fee Exemptions

In addition to the above, no entrance fees shall be charged in the following instances:

1. Educational Groups - Organized tours or outings conducted for educational or scientific purposes qualify for an exemption of entrance fees if:
 - a. The educational or scientific purpose is related to the resources of the area being visited.
 - b. The group is from a bona fide institution established for these purposes.
 - c. The group applies for and receives an exemption of fees by submitting documentation of their official recognition as an educational or scientific institution; and a statement as to the purpose of their proposed visit.

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- d. The use for which the exemption is proposed is not primarily for recreational purposes.
2. Park Thoroughfares - No entrance fee shall be charged for travel by private non-commercial vehicle over any road or highway established as part of the National Federal-Aid System, which is commonly used by the public as a means of travel between two places, either or both of which are outside the designated entrance fee area.
3. In-Holding Access - No entrance fee shall be charged for travel by private non-commercial vehicle over any road or highway to any land within any designated entrance fee area in which such person has a property right.
4. Official Government Business - No entrance fee shall be charged any person conducting state, local, or federal government business.
5. Under Twelve - No entrance fees shall be charged for persons who have not reached their twelfth birthday.

6. Treaty Rights - No entrance fees shall be charged persons having right of access to lands or waters within a designated entrance fee area for hunting or fishing privileges under a specific provision of law or treaty.

Recreation Use Fee Exemptions

Recreation use fees shall not be charged for the following:

1. Free Facilities - In no event shall any of the following, whether used singularly or in any combination, be designated as facilities for which recreation use fees shall be charged:

- | | |
|--------------------|---------------------|
| - Drinking water | - Toilet facilities |
| - Wayside exhibits | - Picnic tables |
| - Roads | - Visitor centers |
| - Overlook sites | |

2. Campgrounds - In no event shall there be a charge for the use of any campsite and adjacent related facilities unless the campground in which the site is located has all of the following:

D R A F T

January 24, 1989

REVISED DEPARTMENT RECOMMENDATION

- Tent or trailer spaces or areas
- Access road
- Refuse containers
- Toilet facilities
- Collection of the fee by an employee or agent of the department either personally or from "iron ranger" lock boxes.
- Reasonable visitor protection, and simple devices for containing a campfire (where campfires are permitted).

~~3. Park managers may discount or exempt recreation fees for organized tours or outings conducted for educational or scientific purposes and for those actively engaged in medical treatment or therapy in the area visited.~~

~~4. In addition, a park manager may, when in the public interest, prescribe certain hours or days during which the collection of recreation fees should be discounted or exempted for specific events.~~

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REVISED DEPARTMENT RECOMMENDATION

PENALTY

No person shall enter or use park areas, campgrounds, or other facilities, or otherwise participate in programs or activities for which fees have been established without first paying the required fees. Any violation of this provision is punishable by a fine not to exceed \$500 (Section 23-1-106, M.C.A.). Also refer to 12.8.213(1) ARM.

POSTING OF DESIGNATED AREAS

Fee requirements shall be prominently signed and posted where recreation fees are being charged for entry to designated entrance fee areas or at appropriate locations with designated recreation use facilities. Areas charging for special recreation permits shall post fee information at the area headquarters having administrative jurisdiction over the area in which the use authorized by the permit is to occur. Whenever feasible, fee signs shall be posted at the use site at the time of use.

D R A F T
January 24, 1989
REVISED DEPARTMENT RECOMMENDATION

ADOPTED this _____ day of _____, 1989.

ATTEST:

Secretary, Fish and Game Commission

Chairman, Fish and Game Commission

dc\parkfee3
January 20, 1989

1989 ANNUAL RULE - STATE PARK SYSTEM RECREATION FEES

PRICE LIST

Entrance Fee Areas and Fee Rates

State Park Passport: ~~\$20~~ \$15 per family or single person 12 years and older

Single Visit Rates:

PARK	VEHICLE	PERSON*
Ackley Lake	\$4.00 \$3.00	\$1.00
Bannack	\$4.00 \$3.00	\$1.00
Beavertail Hill	---	\$3.00 \$1.00
Black Sandy	\$4.00 \$3.00	\$1.00
Blackfoot River	\$4.00 \$0.00	\$1.00 \$0.00
Canyon Ferry (effective until transferred to federal agency)	\$4.00 \$3.00	\$1.00
Chief Joseph Battleground of the Bears Paw	---	\$2.00 \$1.00 \$0.50
Chief Plenty Coups	\$4.00 \$3.00	\$1.00
Cooney	\$4.00 \$3.00	\$1.00
Council Grove	---	\$2.00 \$1.00 \$0.50
Deadman's Basin	\$4.00 \$3.00	\$1.00
Flathead Lake:		
Big Arm	\$4.00 \$3.00	\$1.00
Elmo	\$4.00 \$2.00	\$1.00 \$0.50
Finley Point	\$4.00 \$2.00	\$1.00 \$0.50
Wayfarers	\$4.00 \$3.00	\$1.00
West Shore	\$4.00 \$2.00	\$1.00 \$0.50
Wild Horse Island	---	\$2.00 \$1.00 \$0.50
Yellow Bay	\$4.00 \$3.00	\$1.00
Fort Owen	---	\$2.00 \$1.00 \$0.50
Frenchtown Pond	---	\$3.00 \$1.00
Giant Springs	---	\$3.00 \$1.00
Greycliff Prairie Dog Town	\$4.00 \$2.00	\$1.00 \$0.50
Hell Creek (effective until transferred to federal agency)	\$4.00 \$3.00	\$1.00
Holter Lake	\$4.00 \$3.00	\$1.00
James Kipp (effective until transferred to federal agency)	\$4.00 \$3.00	\$1.00
Lake Elmo	---	\$1.00
Lambeth	\$4.00 \$2.00	\$1.00 \$0.50
Lewis & Clark Caverns	\$4.00 \$3.00	\$1.00
Logan	\$4.00 \$2.00	\$1.00 \$0.50
Lone Pine	\$4.00 \$2.00	\$1.00 \$0.50
Lost Creek (effective until transferred to federal agency)	\$4.00 \$2.00	\$1.00 \$0.50

Makoshika	\$4.00	<u>\$3.00</u>	\$1.00	
Madison Buffalo Jump	\$4.00	<u>\$2.00</u>	\$1.00	<u>\$0.50</u>
Medicine Rocks	\$4.00	<u>\$2.00</u>	\$1.00	<u>\$0.50</u>
Missouri Headwaters	\$4.00	<u>\$3.00</u>	\$1.00	
Missouri River Road	\$4.00	<u>\$0.00</u>	\$1.00	<u>\$0.00</u>
Nelson (effective until transferred to federal agency)	\$4.00	<u>\$3.00</u>	\$1.00	
Painted Rocks	\$4.00	<u>\$3.00</u>	\$1.00	
Pictograph Cave	\$4.00	<u>\$3.00</u>	\$1.00	
Placid Lake	\$4.00	<u>\$3.00</u>	\$1.00	
Rosebud Battlefield	\$4.00	<u>\$3.00</u>	\$1.00	
Salmon Lake	\$4.00	<u>\$3.00</u>	\$1.00	
Spring Meadow Lake	---		\$1.00	
Thompson Falls	\$4.00	<u>\$2.00</u>	\$1.00	<u>\$0.50</u>
Tongue River Reservoir	\$4.00	<u>\$3.00</u>	\$1.00	
Whitefish Lake	\$4.00	<u>\$3.00</u>	\$1.00	

* The lesser fee will be charged when entering by vehicle.

* At areas with self-service fee stations, persons who do not purchase the required permit will be assessed a \$1.00 surcharge.
~~by department personnel equal to the fee.~~

MISC\ENTFEE3
20-Jan-89

1989 ANNUAL RULE - STATE PARK SYSTEM RECREATION FEES

PRICE LIST

Recreation Use and Special Recreation Permit Fees

PARK AND CAMPGROUND	RECREATION USE FEE*	
Ackley Lake		
Campground	\$4.00	<u>\$3.00</u>
Group Use Area--minimum	\$10.00	
Bannack		
Campground	\$4.00	<u>\$3.00</u>
Group Use Area--minimum	\$10.00	
Beavertail Hill		
Campground	\$5.00	<u>\$3.00</u>
Blackfoot River		
Campgrounds:		
Ninemile Prairie	\$2.00	
River Bend	\$2.00	
Russell Gates	\$3.00	
Group Use Area:		
Johnsrud Park--minimum	\$10.00	
Black Sandy		
Campground	\$5.00	<u>\$3.00</u>
Trailer Dump Station	\$2.00	
Canyon Ferry (effective until transfer to federal agency)		
Campgrounds:		
Chinamans	\$5.00	<u>\$3.00</u>
Court Sheriff	\$5.00	<u>\$3.00</u>
Fishhawk (tent sites only)	\$3.00	<u>\$2.00</u>
Hellgate	\$5.00	<u>\$3.00</u>
Indian Road	\$5.00	<u>\$3.00</u>
Jo Bonner	\$5.00	<u>\$2.00</u>
Overlook	\$3.00	<u>\$2.00</u>
Ponderosa	\$5.00	<u>\$3.00</u>
Riverside	\$5.00	<u>\$3.00</u>
Silos	\$5.00	<u>\$3.00</u>
White Earth	\$5.00	<u>\$3.00</u>
Group Use Areas:		
Chalet--minimum	\$10.00	
Hellgate--minimum	\$10.00	
Silos--minimum	\$10.00	

Lewis & Clark Caverns		
Campground	\$4.00	<u>\$3.00</u>
Group Use Area--minimum	\$10.00	
Trailer Dump Station	\$2.00	
Guided Tours--Adults	\$4.00	
Children (6-11 yrs.)	\$2.00	
Per person group rate (6 yrs. and older)	\$2.00	
Logan		
Campground	\$5.00	<u>\$4.00</u>
Extra vehicle	---	<u>\$2.00</u>
Trailer Dump Station	\$2.00	
Lost Creek (effective until transfer to federal agency)		
Campground	\$5.00	<u>\$3.00</u>
Makoshika		
Campground	\$5.00	<u>\$3.00</u>
Group Use Area--minimum	\$10.00	
Rifle Range--per person (over 14 yrs.)	\$1.00	
Individual season pass	\$10.00	
Family season pass	\$20.00	
Medicine Rocks		
Group Use Area--minimum	\$10.00	
Missouri Headwaters		
Campground	\$4.00	<u>\$3.00</u>
Group Use Area--minimum	\$10.00	
Trailer Dump Station	\$2.00	
Missouri River Road		
Campgrounds:		
Craig	\$4.00	<u>\$5.00</u>
Dearborn	\$2.00	
Hardy Bridge	\$2.00	
Mountain Palace	\$2.00	
Prewett Creek	\$2.00	
Prickly Pear	\$2.00	
Spite Hill	\$2.00	
Stiekney Creek	\$2.00	
Wolf Creek Bridge	\$2.00	
Nelson (effective until transfer to federal agency)		
Campground	\$3.00	

Painted Rocks Campground	\$4.00	<u>\$3.00</u>
Placid Lake Campground	\$5.00	
Group Use Area--minimum	\$10.00	
Salmon Lake Campground	\$5.00	
Thompson Falls Campground	\$5.00	<u>\$4.00</u>
Extra vehicle	---	<u>\$2.00</u>
Tongue River Reservoir Campground	\$3.00	
Whitefish Lake Campground, trailer site	\$5.00	
Campground, tent site	\$3.00	
Extra vehicle	---	<u>\$2.00</u>
Group Use Area--minimum	\$10.00	
Fishing Access Site Campgrounds:		
East Rosebud	\$5.00	
Eight Mile	\$3.00	
Ennis	\$5.00	
Harrison Lake	\$3.00	
Intake	\$5.00	
Looking Glass	\$5.00	
Valley Garden	\$3.00	
Varney Bridge	\$3.00	

* At areas with self-service fee stations, persons who do not purchase the required permit will be assessed a \$2 surcharge ~~of \$2 by department personnel.~~

DESIGNATED GROUP USE AREA FEES:

Group Size	Use Fee	Cleaning Deposit
Under 30	\$10.00	\$20.00
30 - 50	\$25.00	\$50.00
50 - 100	\$50.00	\$100.00
Over 100	\$100.00	\$200.00

OTHER SPECIAL RECREATION PERMIT FEES:
To be determined on a case-by-case basis.

EXHIBIT 4
 DATE 2-1-89
 HB 100

1989 ANNUAL RULE - STATE PARK SYSTEM RECREATION FEES

MAXIMUM DAILY FEES

Entrance/Camping/Tours

PARK/CAMPGROUND	VEHICLE ENTRY	CAMPING /TOURS	TOTAL
Ackley Lake	\$3	\$3	\$6
Bannack	\$3	\$3	\$6
Beavertail Hill	\$3	\$3	\$6
Blackfoot River Russell Gates	0	\$3	\$3
Black Sandy	\$3	\$3	\$6
Canyon Ferry (effective until transfer to federal agency)			
Chinamans	\$3	\$3	\$6
Court Sheriff	\$3	\$3	\$6
Fishhawk (tent sites only)	\$3	\$2	\$5
Hellgate	\$3	\$3	\$6
Indian Road	\$3	\$3	\$6
Jo Bonner	\$3	\$2	\$5
Overlook	\$3	\$2	\$5
Ponderosa	\$3	\$3	\$6
Riverside	\$3	\$3	\$6
Silos	\$3	\$3	\$6
White Earth	\$3	\$3	\$6
Chief Joseph Battleground of the Bears Paw	\$2		\$2
Chief Plenty Coups	\$3		\$3
Cooney	\$3	\$2	\$5
Council Grove	\$2		\$2
Deadman's Basin	\$3	\$2	\$5

Flathead Lake			
Big Arm			
campground, trailer site	\$3	\$5	\$8
campground, tent site	\$3	\$3	\$6
Elmo	\$2	\$4	\$6
Finley Point	\$2	\$5	\$7
Wayfarers			
campground, trailer site	\$3	\$5	\$8
campground, tent site	\$3	\$3	\$6
West Shore	\$2	\$4	\$6
Yellow Bay	\$3	\$5	\$8
Fort Owen	\$2		\$2
Frenchtown Pond	\$3		\$3
Giant Springs	\$3		\$3
Greycliff Prairie Dog Town	\$2		\$2
Hell Creek (effective until transfer to federal agency)	\$3	\$3	\$6
Holter Lake			
Departure Point	\$3	\$2	\$5
Log Gulch	\$3	\$3	\$6
James Kipp (effective until transfer to federal agency)	\$3	\$2	\$5
Lake Elmo	\$1 each		\$1
Lambeth	\$3	\$5	\$8
Lewis and Clark Caverns	\$3	\$3	\$6
guided tours--adults	\$1 each	\$4	\$5
children (6-11 yrs.)	0	\$2	\$2
per person group rate (6 years and older)	\$1 each	\$2	\$3
Logan	\$2	\$4	\$6
Lone Pine	\$2		\$2
Lost Creek (effective until transfer to federal agency)	\$2	\$3	\$5
Makoshika	\$3	\$3	\$6
Medicine Rocks	\$2		\$2

Missouri Headwaters	\$3	\$3	\$6
Missouri River Road Craig	0	\$5	\$5
Nelson (effective until transfer to federal agency)	\$3	\$3	\$6
Painted Rocks	\$3	\$3	\$6
Pictograph Cave	\$3		\$3
Placid Lake	\$3	\$5	\$8
Rosebud Battlefield	\$3		\$3
Salmon Lake	\$3	\$5	\$8
Spring Meadow Lake	\$1 each		\$1
Thompson Falls	\$2	\$4	\$6
Tongue River Reservoir	\$3	\$3	\$6
Whitefish Lake			
Campground, trailer site	\$3	\$5	\$8
Campground, tent site	\$3	\$3	\$6
Fishing Access Site Campgrounds			
East Rosebud		\$5	
Eight Mile		\$3	
Ennis		\$5	
Harrison Lake		\$3	
Intake		\$5	
Looking Glass		\$5	
Valley Garden		\$3	
Varney Bridge		\$3	

DC\lj
dc\recreat.fee
January 24, 1988

PUBLIC REVIEW

State Park Recreation Fees Annual Rule

November 16, 1988 through January 25, 1989

The department has conducted an extensive public review process during the past two months. The news media has been a tremendous help in this process. To date we have received 40 separate articles on the new fee system from newspapers across the state for our files. The department conducted over 33 meetings, informational programs, and open houses with an average attendance of over 20 persons each. Additionally, we have received over 300 written comments on the proposal.

A summary of the major concerns identified during this process followed by a response on how we propose to deal with them is listed below:

No. Comment

- 88 1. Oppose fees for parks; taxes should pay for instead; my fishing license pays for already.

Montana has the only state park system in the nation with no general tax support. No fishing or hunting license dollars are used to support the State Park System.

- 52 2. Support fees for parks; willing to pay more money for better parks.

Research has shown that the pricing policy must rely on the public's perception of: 1) the importance of the state park system; 2) acceptance of the user pay concept; and 3) the monetary support they are willing to provide for these opportunities.

- 40 3. State Park Passport cost too high at \$20.

Reduced to a \$15 family passport; can be used by any member of a family, or on any vehicle occupied by the purchaser. For a Montana family, 3 of whom are over 12, fishing now costs \$24 per year. Idaho and North Dakota charge \$15 per vehicle annually.

- 28 4. Senior citizens/disabled; eliminate lifetime free camping, allow discount for entrance as well.

Montana is the only state in the nation which

by law cannot charge for camping for both of these groups, an annual revenue loss of \$129,000. Due to many complaints about the inequity of this law, the rule does not propose further inequities.

- 19 5. Single visit cost too high at \$4. per vehicle or \$1 per person.

Reduced to \$3/\$1 at major parks and \$2/\$.50 at others. One fee will permit the purchaser to enter the park as many times as desired in a 24-hour period.

- 15 6. Low income people cannot afford to pay fees.

We have found that this is not the case at areas where fees are already charged such as Spring Meadow Lake, Lake Elmo and Wayfarers. The \$.20 per gallon gasoline tax, for example, has a far greater impact on low income people annually than user fees would.

- 9 7. How will the department ensure compliance?

Some of the revenue will be used to hire seasonal fee collectors and park rangers. The annual fee will be enforced only when parks are open and facilities/services are operational.

- 7 8. Fees are too high compared to other state park systems.

Fees were reduced accordingly and on average do not exceed those charged elsewhere.

dc+review.fee
January 25, 1989

EXHIBIT 6
 DATE 2-1-89
 HB 100

NEW ENTRANCE FEE PROPOSAL

	<u>No Federal Sites</u>	<u>Retain Federal Sites</u>
Revenue, 90/91 Biennium	1,000,000	1,194,000
Expenditures	410,000	679,887
-Operations		
Collect fees		
Compliance		
Visitor services		
Fee hardware		
-Capital		
partial funding for	500,000	409,113
model parks		
projects at Flathead		
and Makoshika		
park maintenance and	90,000	90,000
development statewide		
-Hell Creek water system		15,000
New FTE needs		
-Fee program	5.50	7.52
-Redirection		<u>2.74</u>
	<u>5.50</u>	10.26

dh\budget.pro
 January 23, 1989

REVISED PARKS CAPITAL PROPOSAL
Revised 1-31-89

PROJECT NAME	PARK ERA	REAL PROPERTY TRUST	DJ WALLOP BREAUX TAX	PARKS COAL TAX	FEDERAL LWCF	HIGHWAY GAS TAX	FG LICENSE	TOTAL
PARK MAINT STATEWIDE (AMENDED)	90,000			106,000				196,000
EAST GALLATIN (100,000) (SAME)								0 (100,000) donation
L&C CAVERNS (AMENDED)				80,000				
MODEL PARKS (NEW)	500,000	100,000	250,000	162,000	320,000	168,000		1,500,000
BOATING FACILITIES PARKS-STATEWIDE			487,500				162,500	650,000
TOTALS	590,000	100,000	(1)737,500	(2)348,000	320,000	168,000	162,500	2,426,000

EXHIBIT _____
DATE 2-1-89
HB 100

(1) Included in Department "Property Maintenance" project totals
(2) Included in Department "Department" Boat facilities Acq.&Dev. project totals

~~MONTEAN A COINSEERVATION CORPS~~Highlights

Proposed Authorization Date: July 1, 1989

Source of Funding: federal Job Training and Partnership Act (JTPA) funds, federal and state Aid to Families with Dependent Children-Unemployed Parent (AFDC-UP) funds, state park, and general fund or private revenue sources.

Total Authority: \$225,000 FY90, \$400,000 FY91

Administrative Responsibility: Department of Fish, Wildlife & Parks

Corpsmember Eligibility and Referral Responsibility: Department of Labor & Industry Job Service Division, and Human Resource Development Councils (HRDC's)

Eligible Agency Participants: Montana State Park System, and other public lands through service contracts.

Project Selection Criteria:

- a. Future public value of park and completed project
- b. Project costs
- c. On-the-job training value of project
- d. Logistical requirements
- e. Ancillary benefits (revenue generation, public use, etc.)

Corpsmember Information:

Age limit - economically disadvantaged, minimum 18 (Adult Corps), 16-21 (Summer Youth Corps)

Pay - \$3.35 per hour

Enrollment period - 6-9 months (Adult Corps), 3 months (Summer Youth Corps), 18 months total service

Total enrolled - 70 in fiscal 1990, 210 under full implementation
Objectives - minimum 75% terminations for employment or to return to school, 5% neutral terminations, and maximum 20% negative terminations; 3 month average enrollment

Crewleader Information:

Age limit - none

Pay - \$6.93 per hour

Corpsmember Training:

OJT/job search & readiness training by Job Service/career awareness & literacy training by HRDCs and other educational opportunities.

Program Benefits:

1. It will afford job training and educational opportunities which build self-esteem for economically disadvantaged Montanans.
2. It will provide real jobs which build Montana's infrastructure and provide real paychecks for participants.
3. It will provide long-term public benefits for the conservation of Montana's outstanding and irreplaceable scenic, historical, archaeological, scientific, and recreational resources.
4. It will return \$1.25 to \$1.93 for every public dollar invested.

Examples of Work Accomplished by Conservation Corps in Other States:

Reconstruction of Commander Perry's Flagship
Construction of park headquarters offices
Rehabilitation of family cabins
Construction of visitor contact stations
Maintenance and storage buildings
Picnic pavilion construction and improvement
Tent and trailer campsite construction and rehabilitation
Boat ramp construction and improvement
Trail construction and improvement
Stabilization and restoration of historic buildings
Landscape improvement
Bridge and road construction and improvement
Facility modifications for disabled accessibility

revised
12/1/88

EXHIBIT 9
 DATE 2-1-89
 HB 100

1991 BIENNIUM MCC WORKING BUDGET

Assume 3 Adult Crews, 4 Summer Youth Crews

PROGRAM COSTS	<u>FISCAL 90</u>	<u>FISCAL 91</u>
Program Admin. Salaries (Gr 17, Gr 14, Gr 10)	\$ 64,674	\$ 64,674
Corpsmember Compensation	53,484	200,448
Employee Benefits	13,582	13,582
Corpsmembers Workers Comp	4,011	15,034
Personal Services	135,751	293,738
Uniforms and protective clothing (\$175/person)	12,250	6,125
Hand tools and supplies (\$2000/crew)	14,000	7,000
Groceries (\$4.80/person @ 5 days)	0	1,680
Paper and Printing supplies	3,000	3,000
Communications	500	600
Travel (\$.34/mile vans, trucks)	2,380	25,600
Building materials and supplies (\$8000/crew)	56,000	56,000
Operating Expenses	88,130	100,005
Computer Equipment	2,000	-0-
TOTAL PROGRAM COSTS	<u>\$225,881</u>	<u>\$393,743</u>

FUNDING

SRS Grants - Federal AFDC-UP	\$ 6,384	\$ 38,304
SRS Grants - State AFDC-UP	2,736	16,416
JTPA Payments - Work Experience	12,096	42,048
JTPA Payments - Summer Youth & Worker's Comp	21,579	64,427
Other Sources - AFDC-UP Admin. and Operations	29,041	28,667
JTPA Administration and Operations	55,939	55,213
Other Sources - AFDC-UP Support Services	9,734	13,126
JTPA Support Services - Work Experience	5,726	7,721
JTPA Support Services - Summer Youth	13,170	17,758
FWP State Special Revenue	56,000	56,000
Other Sources - corpsmember payments deficit	<u>13,476</u>	<u>54,063 - 67,189</u>
TOTAL PROGRAM REVENUE	\$225,881	\$393,743

	90	91
Total Other Sources	\$52,251	\$108,982
		\$95,856

Hamman/Conklin
 12/1/88

EXHIBIT 10
 DATE 2-1-89
 HB 100

BUDGET ITEM	Fiscal 1990		Fiscal 1991		Difference	FTE	Difference
	Executive	LFA Curr Lvl	Executive	LFA Curr Lvl			
FTE	79.62	81.37	79.62	81.37	1.75	1.75	
Personal Services	\$1,672,524	\$1,649,565	\$1,668,462	\$1,623,398	(\$45,064)		
Operating Expenses	1,327,355	1,125,183	1,227,530	1,150,337	(77,193)		
Equipment	239,254	239,254	226,698	230,742	4,044		
Non-Operating	708,000	708,000	8,000	8,000	0		
TOTAL EXPENSES	\$3,947,133	\$3,722,002	\$3,130,690	\$3,012,477	(\$116,213)		
FUNDING							
State Special Rev	\$2,848,188	\$2,635,876	\$2,740,393	\$2,632,190	(\$108,203)		
Federal Revenue	742,948	742,948	42,949	42,949	0		
Other Revenue	355,997	343,178	347,348	337,338	(10,010)		
TOTAL FUNDING	\$3,947,133	\$3,722,002	\$3,130,690	\$3,012,477	(\$116,213)		

	FTE	General Fund	Gross
(1.75)	\$ -0-	-(42,973)	
0.00	-0-	43,162	
0.00	-0-	(16,613)	

- Executive eliminated 1.75 FTE as an offset to increases in FTE which are included in budget modifications.
- The executive has included additional personal services.
- Transfer to snowmobile groomer replacement account. Because of revised revenue estimate, the department has requested additional funding for the replacement. Table R details the executive recommendation, the LFA current level, and the revised department request.

Table R
Snowmobile Groomer Replacement

<u>Year</u>	<u>Executive</u>	<u>LFA</u>	<u>Department</u>
1990	\$136,726	\$102,274	\$136,726
1991	<u>51,209</u>	<u>102,274</u>	<u>102,274</u>
Total	<u>\$187,935</u>	<u>\$204,548</u>	<u>\$239,000</u>

	<u>FTE</u>	<u>General Fund</u>	<u>Gross</u>
4. Late billings for repair and maintenance of snowmobile equipment.	0.00	\$ -0-	\$118,690
5. Park management consultants.	0.00	-0-	66,800
6. Janitorial and caretaker service.	0.00	-0-	18,806
7. Garbage pick-up increase.	0.00	-0-	2,119
8. Operating expenses reduced to fund pay plan.	0.00	-0-	(12,219)
9. Reduction proposal - dropping federal sites and transferring the funds to state sites.	0.00	-0-	86,003
10. Equipment	0.00	-0-	(4,044)
11. Ground maintenance - contracted services.	0.00	-0-	29,558
12. Supplies and materials.	0.00	-0-	(8,472)

BUDGET MODIFICATIONS

The executive budget recommends three budget modifications for the Parks Division. Table F details 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 F
Department of Fish, Wildlife and Parks
Budget Modification

	Fiscal 1990		Fiscal 1991	
	FTE	General License Acct.	FTE	General License Acct.
		Total		Total
Montana Conservation Corps	3.00	\$256,918	3.00	\$338,547
Fishing Access Caretaker Services	1.81	47,854	1.81	48,410
State Park Road System	0.00	84,000	0.00	84,000
Total Budget Modifications	4.81	\$388,772	4.81	\$470,957

The Montana Conservation Corps budget modification is designed to create a Montana Conservation Corps (MCC) within the Parks Division for the purpose of accomplishing improvements for the state parks system and for other public lands and providing work experience for unemployed or economically disadvantaged youth and adults which will enable them to serve society, learn practical skills, and establish sound work records.

The fishing access caretaker services budget modification will initiate scheduled maintenance of fishing accesses in Regions 1, 3, 4, and 5 which have been acquired and developed without corresponding funding and personnel for operation.

The state parks road system budget modification proposes to redirect approximately one-tenth of 1 percent of the state fuel tax and combine it with available federal Fish, Wildlife, and Parks matching funds for the construction, improvement, and maintenance of those public highways which are within the state park system and connecting thereto.

AGENCY: DEPT OF FISH, WILDLIFE, PARKS

LEGISLATIVE ACTION

PROGRAM: WILDLIFE PROGRAM

BUDGET ITEM	Fiscal 1990			Fiscal 1991		
	Executive	LFA Curr Lvl	Difference	Executive	LFA Curr Lvl	Difference
FTE	94.69	93.94	-0.75	94.69	93.94	-0.75
Personal Services	\$2,715,896	\$2,643,943	(\$71,953)	\$2,728,564	\$2,656,279	(\$72,285)
Operating Expenses	2,930,511	1,562,447	(1,368,064)	2,957,167	1,608,645	(1,348,522)
Equipment	125,324	91,885	(33,439)	134,173	91,885	(42,288)
Non-Operating	1,826,930	1,175,000	(651,930)	1,823,380	1,175,000	(648,380)
TOTAL EXPENSES	\$7,598,661	\$5,473,275	(\$2,125,386)	\$7,643,284	\$5,531,809	(\$2,111,475)
=====						
FUNDING						
State Special Rev	\$3,563,732	\$2,277,386	(\$1,286,346)	\$3,577,443	\$2,295,057	(\$1,282,386)
Federal Revenue	4,034,929	3,195,889	(839,040)	4,065,841	3,236,752	(829,089)
TOTAL FUNDING	\$7,598,661	\$5,473,275	(\$2,125,386)	\$7,643,284	\$5,531,809	(\$2,111,475)
=====						

FTE General Fund Gross

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.
2. Mt. Haggin Timber Contract
3. Wildlife Habitat Improvements

120,000
128,034
100

4. Special Revenue Accounts

Base Reduction Overstatement

A. Wetlands	\$22,000	\$19,080
B. Sheep	-0-	5,467
C. Non-game	3,769	522
D. Pheasant	4,268	2,920
	<u>\$30,037</u>	<u>\$27,989</u>

Base Reduction by LFA	0.00	-0-	60,074
Overstatement by OBPP	0.00	-0-	55,978
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
11. Student stipends	0.00	-0-	47,310
12. LCA	0.00	-0-	1,253,000
13. Equipment	0.00	-0-	75,727
14. 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
15. 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**

	FTE	Fiscal 1990 General License Acct.	Total	FTE	Fiscal 1991 General License Acct.	Total
Impact on Timber Sales/Hunting	0.33	\$16,608	\$16,608	0.33	\$16,625	\$16,625
Habitat/Timber Sales Planning	0.50	16,063	16,063	0.50	16,107	16,107
Nongame Program	0.60	27,814	27,814	0.60	28,748	28,748
Total Budget Modifications	1.43	\$60,485	\$60,485	1.43	\$61,480	\$61,480

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
Subtotal Project Groups	213	\$4,489,000

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
TOTAL PROJECTS	<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 experiences of continuous and one-time projects. The use of expenditures from one-time projects allows the division 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

	State Funds	Funding	Federal Funds
<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 Flowing 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 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.

Table 3
Annual Income Lost by Various Trusts

<u>Trust</u>	<u>Acres Owned</u>	<u>Value of Acreage at \$94 per Acre</u>	<u>Income if Invested at 10.25%</u>	<u>Current Lease Income</u>	<u>Net Loss</u>
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.

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.

