

MINUTES OF THE APPROPRIATIONS COMMITTEE  
HOUSE OF REPRESENTATIVES  
State Capitol, Room 225  
April 8, 1977

Chairman Bardanouve called the meeting to order at 8:30 A.M.  
All members of the committee were present (roll call attached).

SENATE JOINT RESOLUTION 42: Directing research of the feasibility of converting wheat and barley into alcohol. Senator Harold Dover, sponsor of the resolution explained that the bill addressed itself to the big problem of the surplus of grain and the shortage of fuel. There is sufficient grain now to last two years with no additional planting. Nebraska has taken the lead in this research. They claim the process is economically feasible. Nebraska has experimented with fuel of this derivation in 45 trucks and cars with no ill effects to the vehicles. There is some problem with condensation in cold weather. Nebraska has a proposed bill which provides a 2¢ per bushel check-off to raise money for a twenty million dollar plant to be owned by the state to engage in this conversion process.

Senator Dover mentioned research which has been done in this area at MSU by Dr. Ken Goering. This resolution would provide the study to do this conversion. The Governor is interested in this program. He submitted legislation similar to this. There may be funds available through the Old West Regional Commission.

Senator Dover explained that a plant having a 1,000 bushel per day input would cost \$2,000,000. He explained the costs of production and by-products that the plant would produce such as methane, gluten, and carbon dioxide for dry ice. There is a lot of interest in this type of program in other states. The sum of \$25,000 is suggested as the appropriation for this study.

Discussion from the committee disclosed that there is a plant now producing in Australia. No decision has been made as to which experiment station would request this to be under their jurisdiction.

No further questions or discussion, hearing closed on SJR 42.

SENATE BILL 99: Continuing a saline seep control program.

Senator Greg Jergeson, sponsor of the bill, explained that since there are budget problems with the saline seep program, he would like to present a gentleman from the State Land Department to explain how the budget would be pared down; all that would be left would be to finish their work and close down.

Commissioner of the State Land Department, Leo Berry, stated they had planned to continue the program and develop the information

over the next two years, but with the budget problems they would propose to gather the information and bring it to an end the following year.

Jim Kroll, Montana Agricultural Experiment Station, Cooperative Extension Service, Montana State University, passed out a sheet (attached) of projects to be phased out and explained each item to the committee. Also attached are capsule information series booklets prepared by the experimental station.

Marvin R. Miller, Montana Bureau of Mines and Geology, Butte, explained he has worked on this program for many years. Saline seep has become a problem everyone is aware of. Our water supplies are in trouble from contamination from saline seep. This will increase unless we change our farming direction in Montana. In central Montana, farmers have to haul water now for two to three months in the spring because of contamination from saline seep. We don't know the scope of the problem yet. He feels their program has shifted from basic research into the applied area, and he would like to see continued monitoring of selected sites. In evaluating the problem, he would ask if we needed to change 5% to 10% of our farming system, or do we need to change 80%-90% of our land use. He urges support of the bill, and of continuing to monitor and study saline seep problems.

There being no opponents to the bill, the hearing was opened to questions from the committee.

Representative Bradley stated she feels the research and information is impressive and wondered why there was not more success in halting the destruction. Mr. Miller replied that progress is slow because people don't change farming processes overnight. There has been considerable success in all of the areas where the work was first started. It is also difficult to make projections as to what is happening to our resources with the present data base.

Representative Marks asked if there is a reduction in salt in the water in the area where this work has been done and was told no, it will take 20 or more years to reduce the salt in the water table; it can be done, but it will take time. This type program is hard to sell to the farmers because it requires change in farming methods. Another problem is that many people who own land in Montana do not live in Montana, and they are not aware of how serious this problem is. We have just seen the tip of the iceberg in this area.

In closing, Senator Jergeson asked the committee to note that the fiscal impact has been reduced to \$280,000 for the biennium. What is requested now is just an amount to finish the program.

The hearing was closed on Senate Bill 99.

SENATE BILL 354. An act to increase the state's contribution to the Montana game warden's retirement system. Senator A. T. Rasmussen, sponsor of the bill, explained that this retirement system is going backwards due to inadequate funding and turned the hearing over to Mr. Lawrence Nachtsheim, PERS.

Mr. Nachtsheim explained that this system is unique from the others he administers in that the money comes from earmarked revenue in the Fish and Game Department. He read a letter into the record from Milliman & Robertson, Inc., Consulting Actuaries, Seattle, Washington, which explains the deficiencies in the funding (attached).

Mr. Nachtsheim suggested amendatory language be put in on page 2, section 2, of the bill; possibly more money could be put into the retirement system and less into PERS. The last provision of the bill changes the survivorship provisions. Presently, if a warden is killed in the line of duty, his beneficiary would receive 50% of his salary less the amount paid by workers' compensation, with certain conditions. He would suggest that the limitation language be stricken.

Mr. Thomas Schneider, Executive Director of MPEA, stated there are problems with the funding and the longer we let it go, the more the system will be in trouble. This is now the only state retirement system left not having proper protection. It will cost 4% more out of earmarked revenue funds of Fish and Game. Mr. Schneider spoke also on the amended language and some of the problems. If this is okayed, a beneficiary would lose the benefit at a time when he could no longer work. He would be cut off if he exceeded 15 years of benefits under this provision. This could work a hardship on someone unable to work.

Mr. Fletcher Newby, Department of Fish and Game, was present, and the Chairman asked how much this would cost. Mr. Newby replied \$55,000 the first year; he did not recall the amount for the second year. This will be taken out of operations, and will reduce services to that extent. The cost will increase in future years.

The Chairman asked that if this passes, would House Bill 145 have to be amended. Mr. Newby replied no, they are under House Bill 643 from last session which gives them a little different budget.

Mr. Mel Waycik, State Game Warden, rose in support of the bill.

Questions from the committee brought out that this will involve around 92 people presently covered under the plan. The additional money comes from the fines and forfeitures collected by Fish and Game. It goes to the department's earmarked revenue for this fund.

Basic fines were discussed. Mr. Waycik, Game Warden, told the committee that the current minimum fine is \$25.00 and the maximum fine is \$500.00. There is a bill pending to raise the minimum fine to \$50.00 and to levy some mandatory fines for certain violations.

The Chairman asked Mr. Nachtsheim if this fund will be properly funded under this bill and was told no, this would take care of the most dangerous area. The unfunded liability was \$3,093,000. The actuaries suggested 11.49% should be added to fund the unfunded liability and deficiency. The attempt is to keep the system from going backward.

The Chairman stated this is a perfect example of too many pension funds improperly funded.

The hearing was closed on Senate Bill 354.

SENATE BILL 167: Relating to taxation of income; providing incentives for installation of solar or other recognized non-fossil forms of energy generation... Senator A.T. Rasmussen, sponsor of the bill, explained the bill is designed to encourage renewable energy source installations through income tax incentives by allowing income tax credits to residences and businesses. The incentive formula is included in the bill. For the first \$1,000 of cost, 20% can be claimed as a credit; for the next \$3,000 of cost, 10% can be claimed, for a total of \$500 credit on residences. Business credits are explained on page 3, lines 10 and 11 of the bill. The program is designed to end on December 31, 1982. A practical side-effect is that this encourages growth through job creation in the area of construction. This bill would encourage solar plant installation, which is a concept that is available now.

Larry D. Geske, Executive Vice President, Great Falls Gas Company, spoke in support of the bill, explaining that Great Falls Gas has done a great deal of research into the marketing of solar heating systems in Montana (testimony attached).

Ernest Post, Montana State AFL-CIO spoke in support, stating that Montana should look into alternate energy sources. He cited examples of problems created in the East last winter through energy shortages, and said we can't wait for those problems to arrive in Montana to begin looking at the problem. He urged the passage of this bill.

The Chairman commended Mr. Geske and the Great Falls Gas Company for their efforts in the field of solar energy. There being no opponents, the hearing was opened to questions from the committee.

Representative Marks asked Mr. Geske a question concerning the amortization figure (attached). He wondered what the annual fuel bill on it was now. Mr. Geske replied that it was about \$275

annually, with a 12% escalation per year projected. Representative Marks then asked how much it would cost to install a solar unit and was told it would cost about \$4,500-\$5,000 for most residences.

Representative Gerke questioned if it made much difference in cost if the installation were in a new or an old home. Mr. Geske replied that it is harder to install in an older home, and usually more expensive. There is an estimated 50% savings in fuel costs with a solar unit.

Representative Wood asked Senator Rasmussen how this bill compared with House Bill 292. Senator Rasmussen replied that that bill related to cost of the units as a deduction versus a tax credit. House Bill 292 was of a different scope; this bill just encompasses renewable energy systems.

In closing, Senator Rasmussen stated he would like to second the Chairman's commendation of Great Falls Gas Company for their interest in moving in the direction of alternative renewable energy sources. There is a great deal of interest in this type of legislation. It is supported by the Chamber of Commerce, AFL-CIO, and the EIC. Other states already have this type of legislation. He explained that New Mexico has implemented similar legislation, and told the committee how it works in that state. From New Mexico's experience, it would indicate that the fiscal note is grossly inflated. For instance, in administering this in New Mexico, they have had a good experience with one man spending 10% of his time monitoring the claims. This is not complicated to administer.

Senator Rasmussen spoke of the depletion allowances written into federal taxes for fossil fuels. The same incentives on renewable, clean sources of energy would possibly have prevented the crisis we are in now. The MEAC study and Citizens Advisory Study on energy include specific recommendations on this type of incentive.

The hearing was closed on Senate Bill 167.

SENATE BILL 142: Remit one-fifth of fines collected in justice courts for traffic offenses to local government for communications purposes. Senator L.M. Aber explained he had been asked to carry this bill by the Highway Patrol. It does not require any new money to be generated from the taxpayers. A few years ago, communications centers were set up in each county; game wardens, sheriffs, and the patrol are all on the same network, and it is working very well. As communication equipment becomes more sophisticated and expensive, counties, cities, and towns need this type of assistance to provide the communication service to the patrol.

Colonel Joe Sol, Montana Highway Patrol, spoke in support. Since the patrol was created, they have depended on sheriffs for communication services and as the equipment becomes more sophisticated, they have had requests for financial support because of the demand the patrol places on the counties. Colonel Sol read a letter (attached) from Missoula County requesting \$17,000 for this service for fiscal year 1977. This is what brought the matter to a head.

Al Rierison, Sheriff of Flathead County, spoke in support of the bill. In Flathead County there are eight patrol officers and they covered 123 accidents per officer last year. He stated he was a member of the patrol for 25 years and realizes the problem the patrol has, and also the problem of the counties in giving this dispatch service to the patrol. Counties would like to continue to render the service, but they need the support they would receive through this bill.

Mr. Curt Wheeling, Administrator of the State Communication System, rose in support, stating the bill would be the answer to a long-range problem they have had in state-county communication.

Representative Ellis questioned the \$17,000 figure being charged by Missoula; he thought this seemed high. Colonel Sol replied that they are charging all other agencies using the system, such as Fish and Game. The cost of operating the Missoula County Communications System last year was \$110,000. It cost \$50,000-\$75,000 per year to operate the communications system in Flathead County.

The Chairman questioned the savings to the counties if the Highway Patrol was not provided this service. He wondered if they wouldn't still have the communication system. Sheriff Rierison explained that it would not be as expensive to the counties because the patrol uses the system so heavily. Extra dispatchers have to be on during peak periods because of patrol use. However, the cost, in all ways, has been increased.

In closing, Senator Aber said that in his home county, which is very small, they would not have 24 hour communication service if it weren't for the patrol. They need help in small communities to pay for this service. This bill would reduce property tax a little in every one of the counties.

The hearing was closed on Senate Bill 142.

SENATE BILL 239: Enabling the Department of Agriculture to provide assistance for noxious plant management to local governments. Representative Manuel appeared for Senator Boylan, sponsor of the bill. The hearing was turned over to Gary Gingery, Montana Department of Agriculture.

Mr. Gingery submitted written testimony in support of the bill (attached). The bill is the result of recommendations of the department's Governor's Noxious Weed Management Advisory Council. Section 2 of the bill is the primary function.

The Chairman asked if county agents could carry out this program. Mr. Gingery replied that they would be used. The money would flow through the Department of Agriculture to be spent by the counties. They would add no FTE's to carry out the program.

Representative Moore asked a question concerning the fiscal note. It showed \$27,000 in personal services and \$16,000 in operating expenses. Mr. Gingery explained that the bill was amended in Finance and Claims. The 3% in the amended bill now pays for all expenses. There will be no general fund money in this program.

Representative Gerke stated that testimony from weed districts was heard in considering House Bill 122. This would be a good program to get everyone involved in as it would allow weed control on federal lands. Without this control on federal lands, state lands are reinfected after they have been corrected.

There being no other questions from the committee, and no further discussion, the hearing was closed on Senate Bill 239.

Due to the House convening at 10:00 A.M., the hearings on Senate Bills 93, 188, 275, and 421 scheduled for this date will be re-scheduled.

The meeting was adjourned at 10:10 A.M. to be reconvened at the call of the chair.