

MINUTES OF THE MEETING OF THE HOUSE APPROPRIATIONS COMMITTEE
MARCH 11, 1981

The meeting was called to order by CHAIRMAN LUND at 8:00 a.m. in Room 104, of the capitol. All members were present.

EXECUTIVE SESSION: Departments of Agriculture; Commerce; and Natural Resources; Fish, Wildlife & Parks; State Lands; and Public Service Commission.

REP. STOBIE stated that audit costs had been included twice in the budgets and that the problem had been corrected. He stated that \$3,000 in Travel had been deleted from Central Services in the Department of Commerce and that the EDA (Economical Development Administration) grants were removed from the Economical Development Division of the Department of Commerce. (EXHIBIT 1)

REP. QUILICI stated that there was a \$750,000 Federal match for Resource 89 in Great Falls, with regard to Alternative Energy Grants.

SEN. ED SMITH stated that he was not aware of budget cuts made by the subcommittee.

AGRICULTURE.

REP. STOBIE moved that the Committee approve the subcommittee recommendation of \$8,440,218, for the '83 biennium for the Department of Agriculture, of which \$1,759,283 is general fund monies.

The OWRC will replace general funds, if received, and language will be inserted in the bill to this effect. (OWRC-Office of Wheat Research Council). The motion was unanimously approved.

COMMERCE.

REP. STOBIE stated that a bill had been introduced to merge the Board of Osteopathic Physicians with the Board of Medical Examiners. He stated that funds for the Board of Athletics would revert to the general fund, as the Board would be terminated, effective 7-1-81.

REP. STOBIE moved that the Committee approve the subcommittee recommendation for the Department of Commerce.

REP. MANUEL stated that he would resist the reduction of EDA grants in the budget.

MR. GARY BUCHANAN, Acting Director, Department of Business Regulations, stated that EDA grants would be used as direct aid for economically impacted communities. He stated that \$235,000 was available at this time, but that it could not be expended without matching funds and that the Department

would not count on EDA funds in the future. He stated that \$59,000 was needed in general funds for the match.

REP. MANUEL made a substitute motion that no cuts be made in the Department of Commerce budget, which are listed on the exhibit provided by REP. STOBIE, except \$3,000 in Travel for each year of the '83 biennium for Central Services.

REP. MOORE asked how many FTE's (Full Time Employee) were in the Economic Development Division.

Mr. Buchanan stated that there were five FTE's.

REP. QUILICI asked if the \$59,000 match were already in the Central Services portion of the budget.

REP. STOBIE replied that it was already in the bill.

REP. MANUEL's motion was approved with 14 members voting aye and REP. STOBIE and REP. MOORE voting no. REP. COZZENS was absent.

REP. STOBIE moved that the Committee adopt the Department of Commerce budget as amended.

REP. BARDANOUVE made a substitute motion to strike item #19, Board of Athletics, from the bill. The motion was approved with 14 members voting aye, REPS. BENGTON and CONROY voting no, and REP. COZZENS absent.

REP. STOBIE moved that the Committee approve the Department of Commerce budget as amended. The motion was approved, with 11 members voting aye, REP. LUND, MOORE, CONROY, HURWITZ, and THOFT voting no and REP. COZZENS absent.

Mr. Buchanan stated that there was a considerable reduction in the number of FTE's in the new Department of Commerce. He stated that the increase in general funding is due to the Travel Promotion Unit.

REP. CONROY stated that he does not feel the current language regarding the Coal Board should be included in the bill.

MR. BOB ROBINSON, Senior, Fiscal Analyst, stated that the language requires that the Government Unit provide at least 90% of that provided by comparable local government units, in applying for Coal Board grants. He stated that the aim is to pay a fair share before receiving a grant.

REP. CONROY moved that the last two sentences on page four of the bill be deleted, as it is in direct conflict with Statute.

REP. SHONTZ stated that he feels Eastern Montana is limited in its spending authority by the language in the bill.

REP. BENGTON stated that she feels the word, "directly", should be eliminated from the same sentence.

REP. CONROY moved to amend his motion to delete the word "directly", from the second line of page 4, paragraph 3 of the bill.

REP. WALDRON asked if Cascade County could get funds for a coal-fired generator if the language were changed.

REP. SHONTZ stated that the legislature sets maximum levies on what can be raised and spent. He stated that if more could be raised in some areas, it would compensate for areas in which additional levying is not done, as funds are not needed.

REP. LORY stated that he feels this should not be changed here, but that the Statute should be changed.

REP. STOBIE stated that the levy in Rosebud County is 15.46, and that in Deer Lodge County, it is 92.27 mills.

REP. CONROY stated that he feels if the State went back ten years before coal development, figures would be more appropriately reflected.

REP. BARDANOUVE requested that REP. CONROY divide his motion.

REP. CONROY stated that this was acceptable to him.

REP. CONROY moved that the Committee delete the word, "directly", and then moved that the Committee delete the last two sentences of the paragraph. The motion failed with nine members voting no, seven voting aye and one member absent.

FISH, WILDLIFE & PARKS.

REP. STOBIE moved that the Committee approve the subcommittee recommendations for the Department of Fish, Wildlife, & Parks.

REP. MANUEL made a substitute motion that the Committee re-instate 1.8 FTE's in the Fisheries Division.

REP. MANUEL stated that the funds are present to cover the additional FTE's and that no additional funding would be required. He requested that 1 FTE be reinstated to the Conservation Education Division and a Graphic Arts Technician at \$16,800 annually. He requested that 1 FTE be reinstated in Centralized Services Division at \$15,561 annually.

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REP. MANUEL continued his motion, requesting that 1 FTE be reinstated in the Administrative Division, for a total of 4.8 FTE's. He stated that the positions are all earmarked funding and that no general funds are involved. The motion was unanimously approved.

REP. STOBIE stated that the anticipated balance at the end of the '83 biennium would be \$1,800,000 and that there should be enough funds for the positions.

The motion, as made by REP. MANUEL was unanimously approved.

The original motion, as made by REP. STOBIE, to approve the recommendations as amended was unanimously approved.

STATE LANDS.

REP. STOBIE stated that audit costs were reduced in the budget, as they were added in twice and moved that the Committee approve the budget as amended by the subcommittee. The motion was unanimously approved.

LIVESTOCK.

REP. STOBIE moved that the Committee approve the subcommittee recommendations for the Department of Livestock. The motion was unanimously approved.

FISH, WILDLIFE, AND PARKS.

REP. STOBIE stated the \$1.16 per gallon for FY82 and \$1.36 per gallon for FY83 were originally used by the subcommittee for gas and that the revised totals would be \$128,000 for FY82 and \$152,000 in FY83. He stated that current level was 280,000 gallons.

REP. MOORE moved that the Committee reconsider Fish, Wildlife and Parks. The motion was unanimously approved.

REP. MANUEL moved that the Committee add \$15,000 annually, which is to be divided between Fisheries and Conservation, proportionate to gallonage.

REP. MOORE moved to amend the motion to have the LFA plug in the correct amounts. The motion was unanimously approved.

NATURAL RESOURCES AND CONSERVATION.

REP. STOBIE moved that the committee approve \$8,057,079 in general funds and \$10,475,378, in other funds for FY82 and \$7,902,732 in general funds and \$10,289,944 in other funds for FY83.

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REP. MOORE moved that the Committee add \$186,000 to item 5, in general funds, for the Water Research and Planning Division for FY83, and if the irrigation project for the Daley Ditch were not formed, the funds would be used to abandon the ditch, including structures.

REP. MOORE read the language to be inserted into the bill to the Committee, stating that the funds would be in addition to the \$29,000 already included in the budget. (EXHIBIT)

REP. MOORE moved to amend his motion to delete the last paragraph on page seven of the bill and to insert the language read instead. He stated that the \$29,000 would need to be added to the new language. The motion was approved, with 10 members voting aye, four voting no and one member absent.

REP. STOBIE made a substitute motion to cut \$100,000 in general funds from the Conservation Districts. He stated that if HB 223 passes, it would add \$480,000 and \$ 550,000 to the Districts, and that if HB 223 does not pass, the funds being cut can be reinstated in the Senate.

REP. ERNST stated that he would resist the motion.

REP. THOFT stated that he would also resist the motion.

REP. QUILICI stated that he supported the substitute motion and that if HB 223 passed, there will be \$591,000 in FY82 and \$662,873 in FY83, totalling \$1,254,726 for the biennium. He stated that this would be more than the subcommittee recommended.

The motion, as made by REP. STOBIE, was approved with nine members voting aye, seven voting no and one member absent.

REP. STOBIE moved that the Committee cut \$75,000 for each year of the biennium in Water Resources Division for spillway dam repair, as the figure is double the 1979 appropriation.

MR. LEO BERRY, DNRC, stated that if the funds are not used for maintenance, they revert to the general fund.

MR. BOB ROBINSON, LFA, stated that the Department had two modified budgets, for \$75,000 in resource indemnity funds and \$75,000 in earmarked revenue funds and that general funding was just removed.

MR. BERRY stated that the earmarked funds of \$75,000 depend upon passage of SB 409.

REP. MOORE stated that if the modification does not pass, that \$75,000 in general funds will need to be reinstated to the bill.

REP. MOORE stated that in 1975, \$150,000 was appropriated and that in 1977, the amount was reduced to \$100,000. He stated that \$75,000 was appropriated in 1979 and that \$75,000 in general funds for the '83 biennium were for routine maintenance and that \$75,000 was requested for additional repairs.

REP. BENGTON stated that she would resist the motion as she feels there is a need to utilize preventive measures.

REP. QUILICI asked if these dams generate electricity.

Mr. Berry stated that they were all for irrigation and recreation.

REP. MOORE stated that Cooney Dam is in Long Range Building.

The motion, as made by REP. STOBIE, failed with 12 members voting no, three voting aye, one member abstaining and one member absent.

REP. STOBIE moved that \$169,420 for FY82 and \$169,420 for FY83 be cut from the Energy Division. He stated that these were retrofit funds for public buildings.

REP. SHONTZ stated that he would support the motion.

REP. MANUEL stated that funding could be changed to Resource Indemnity Trust Funds for a Federal match, as \$1,600,000 is available to assist local governments.

MR. BOB ROBINSON, LFA, stated that the Department Natural Resources and Conservation (DNRC) assists local governments, in studies and is reimbursed for participation in the studies.

REP. MOORE stated that he feels funds in Long Range Building could be used for retrofit of buildings. He stated that \$169,000 would be used for Administrative costs for workshops, etc.

REP. QUILICI stated that he would oppose the motion.

MR. WILLIAM GOSNELL, Energy Division Administrator, stated that the \$169,000 would be used for a dollar for dollar match for energy audits and technical assistance. He stated that the program phases recycle themselves every two years with a 20% energy savings in the first phase. He stated that Energy Conservation Measures (ECM) would be applied in the second phase.

Mr. Gosnell stated that over 100 studies were completed in

Federal projects during the second full year of the programs and that 17 ECM's were approved. He stated that A & E Division in the Department of Administration does its own work, primarily, but does work through the Energy Division.

Mr. Gosnell, stated that there was \$100,000,000 in the budget in Federal funds for phase 4 in FY82-83. He stated that there would be savings of at least 20% in Administrative costs after energy audits.

REP. MOORE stated that he feels the program will not suffer if it is deleted for two years.

The motion, as made by REP. STOBIE, failed, with seven members voting no, 6 voting aye, one member abstaining and two members absent.

REP. STOBIE moved that the Committee approve the subcommittee recommendations for DNRC as amended. The motion was approved with 14 members voting aye, REP. MOORE voting no and two members absent.

PUBLIC SERVICE COMMISSION.

REP. STOBIE moved that the Committee approve the subcommittee recommendations for the Public Service Commission. (PSC)

REP. MOORE moved that the Committee delete the 5 FTE's recommended by the subcommittee.

REP. LORY stated that he would resist the motion.

REP. BARDANOUVE stated that he feels the PSC needs the FTE's as rates may increase up to 60% and that he feels a secretary is also needed.

REP. QUILICI stated that he would oppose the motion, as he feels that without these positions, the PSC will not be able to properly handle its duties. He stated that the additional FTE's will stop the regulatory lag via current evaluations.

The motion, as made by REP. MOORE was approved with 8 members voting aye, 6 voting no, and 3 members absent.

REP. MOORE moved that the Committee delete \$50,000 for the special audit.

REP. QUILICI stated that he feels that if this amount is deleted, that the PSC would be in a precarious state, as litigation with Montana Power could take up to 7-8 years. He stated that the legal costs will be put on the rate base and paid by the taxpayer and that ratepayer. He stated that the situation needs

to be resolved now.

REP. MOORE stated that the audit has been completed and that a \$15,800,000 difference has been identified.

REP. LORY stated that \$50,000 is not for audit fees but for litigation costs.

REP. BARDANOUE stated that he feels the legislature should back the PSC.

The motion, as made by REP. MOORE, failed with 8 members voting no, 6 voting aye and 3 absent.

REP. MOORE moved that the PSC budget do pass as amended. The motion was approved with 11 members voting aye, 3 voting no, and three absent.

LEGISLATIVE AUDITOR.

REP. LORY moved that the Committee plug in audit fees for the Department of Administration. The motion was unanimously approved.

STATE LANDS.

REP. STOBIE moved that the Committee reconsider its action on State Lands. The motion was approved with all members voting aye, except REP. QUILICI.

REP. STOBIE moved that the Committee cut the new FTE's added by the subcommittee for hard-rock mining inspection, at \$12,105 for each year of the biennium.

REP. QUILICI stated that he would oppose the motion.

Mr. Bob Robinson, LFA, stated that the current inspector has been put in an office to do paperwork and that he was given less travel and inspection work.

REP. HURWITZ stated that a secretary could do the paperwork.

The motion, as made by REP. STOBIE, was approved with nine members voting aye, five voting no and 3 members absent.

EDUCATION.

CHAIRMAN LUND stated that REP. DONALDSON met with the Office of the Superintendent of Public Instruction regarding possible adjustments, but decided to leave the subcommittee recommendations as they are. He stated that \$700,000 was requested to be added to the School for the Deaf and Blind.

CHAIRMAN LUND stated that House Bill 500 would need to be adopted as amended.

The meeting was recessed at 1:30 p.m. and reconvened at 6:30 p.m.

CHAIRMAN LUND stated that Transportation was moved to March 13, 1981, so that it could be included in the bill.

REP. STOBIE's bills were moved from Renewable Resource Funding to General Funding. The LFA is to address this.

MS. JUDY RIPPINGALE, Legislative Fiscal Analyst, stated that the Resource Indemnity Trust Fund Interest Account was not sufficient and that general funds were added in place of interest funds. She stated that the interest went in as a source of income to the general fund and that it may be necessary to shift expenses back to the interest fund later on. She stated that Statutes states that interest funds shall be used for Natural Resources and shall not be properly placed in the general fund.

CHAIRMAN LUND stated that the Resource Indemnity Trust Interest Account is a permanent fund and that interest funds are used for funding purposes. He stated that the account itself cannot be tapped and that only the interest of \$5,000,000 can be tapped.

HB 500.

REP. BARDANOUVE stated that the principle cannot be spent until it reaches \$100,000,000. He stated that there is \$50,000,000 in the fund now and that the source is the mineral tax of 1/2 of 1%. He stated that the interest could be spent when the fund went over \$10,000,000.

CHAIRMAN LUND stated that, in essence, the \$5,500,000 in interest is general funds.

REP. BARDANOUVE stated that the general fund reversion will need to be decreased by the amount of interest. He moved that the Committee reconsider its action on House Bill 500. The motion was unanimously approved.

Ms. Rippengale stated that the Governor recommended that a large portion of DNRC be funded with this money.

SPEAKER MARKS asked if DNRC could be funded out of the remainder of the Resource Indemnity Trust Fund after cats and dogs bills pass.

REP. SHONTZ asked if the House could act judiciously and prudently on other bills and appropriate the remainder to DNRC.

REP. BARDANOUE moved that the Committee remove \$150,000 in general funds for the repair of dams and add \$150,000 in renewable resource Interest funds. He stated that income in fees from dam water use go to the general fund.

The motion was unanimously approved.

REP. MOORE moved that HB 500 do pass as amended. The motion was uannimously approved.

The meeting was adjourned at 7:10 p.m.

Respectfully submitted,


REP. ART LUND, CHAIRMAN

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