

THE MINUTES OF THE MEETING OF THE JOINT APPROPRIATIONS
SUBCOMMITTEE ON NATURAL RESOURCES
February 19, 1981

The meeting was called to order by CHAIRMAN STOBIE at 8:15 a.m. on February 19, 1981.

Roll call was taken and all members were present except REPRESENTATIVES HEMSTAD AND STIMATZ.

DEPARTMENT OF COMMERCE

Indian Affairs

The Executive budget recommends reducing the FTE count by one. MR. MERLE LUCAS, Coordinator of Indian Affairs, used EXHIBIT A on Indian Affairs.

After the last legislature the department had the authorization to fill one FTE with federal funds. The federal funds were not received but some funding was received from the Department of Indian Affairs. Now they are asking for general funding for three positions: administrator, assistant administrator, and a secretary.

He provided the committee with EXHIBIT B. When there is a problem between a municipality and a tribe, it is the job of the department to help solve it. They attempt to provide assistance in stabilizing the Indians' economy. They have been using a plan to help educate and identify Indians who have education, who own businesses and would like to help finance businesses that cannot get funding elsewhere. They also want to set up a management project that would train Native Americans to manage businesses before they get involved with it. He presented the committee with a book on statistics of Indians and tribes. He would like to update that profile based on the 1980 census. He felt the statistics would be very helpful to the state and the tribes. There is cooperation now on water projects and natural resources. His department wants that to continue.

REPRESENTATIVE STOBIE asked if he wanted to fund three positions with general fund money. Mr. Lucas said the department had authority to expend federal money. The LFA is recommending 2.5 FTEs. They need 3 FTEs and all general fund money.

MR. LUCAS said he would like to fill the administrative assistant position.

Transportation and Rail Planning

This is also part of the Department of Commerce. GARY WICKES, JOHN PREBIL, and JOHN CRAIG of the Department of Highways were

present. MR. CRAIG, using EXHIBIT C, explained the Rail Planning Bureau. He stated that a planning process must be established. There was a large increase in the contracted services budget. There was an unanticipated allocation of federal funds to the state for the planning efforts. There are salaries and employee benefits under personal services. There will be an increase in operating expenses.

The department is proposing a rehabilitation of two sections of track for 1982 and 1983. Later in 1983 there will be another project added.

MR. CRAIG explained that the BN provides matching funds with the state and/or federal. Without incentive to fix up the tracks, it is feared they will also be abandoned. The BN railroad crews do the actual work.

REPRESENTATIVE STOBIE asked what is being done by the people doing the study. He was told they are doing a survey along the line. They make an analysis of what is happening on the line and whether or not they can make changes to improve anything. They determine the actual benefit versus cost and then issue a report to state government. REPRESENTATIVE MANUEL explained this part is necessary to qualify for federal funds.

SENATOR SMITH said the study costs are about a fourth of what it costs to construct the line. MR. CRAIG said he felt the planning is a bargain. Before, they had to rely on records received from the railroads. He indicated that studies must be limited to certain lines. The rail on some of the lines is so bad that the trains cannot carry full capacity. He used EXHIBIT D to show the difference in the Executive and LFA budgets. They will have to hire a track inspector. This budget does not include the inspectors. The federal government says there must be a state inspector.

REPRESENTATIVE STOBIE asked about using some private funding. He was told there are not any private funds available. MR. PREBIL said that highway money cannot be used for rail planning. MR. ROBINSON said the program was started with highway funds and that no one has had a problem with that up to now.

MR. CRAIG said the department is being transferred and that the equipment will not be able to be moved because it belongs to the Department of Highways.

Travel Promotion

JanDee May, office of the Legislative Fiscal Analyst, gave an overview of the department. It promotes Montana through films and mailings. The LFA budget reflects strictly inflation factors.

MS. MAY presented the request which added two FTEs. The new travel promotion individual will be transferred to the Department of Commerce. In the past four years the positions have been upgraded. Operating costs indicate that most of the department's budget is spent on advertising. The LFA recommendation excluded \$10,000 for the Old West dues. The LFA also maintained 100% earmarked funding.

GARY BUCHANAN said the original Executive budget was \$850,000. They are now proposing \$700,000 for 1982 and \$900,000 for 1983.

MR. WILSON explained that tourism brings money into Montana. Previously, it was hard to tell how much money came to Montana in tourism but a study was done using Title 5 CETA funds to see what has happened in Montana and to do a five-year plan for the future. The study indicated that only 2% of the people surveyed think of Montana as a vacation place.

The department now uses all forms of advertising such as newspapers, magazines, and travel brochures. Also, the department is working on how and why a person should come to Montana. Small businesses throughout Montana benefit as well as people who are employed in the tourism industry. They are creating an image of Montana and hope to attract other businesses. Tourism has shown a definite growth in the past decade.

In discussing the budget, it asks for \$1.4 million. The department is moving from highways to commerce and this produces some obvious problems. They want to raise the FTE count by two. All of the clerical and secretarial work is done in word processing at the Department of Highways. The clerks 1 and 2 are mail room personnel. They do the production of road maps through an earmarked account with the Department of Highways. The map is funded through the Department of Highways.

The LFA budget reflects figures from 1980. The estimated expenditures in 1981 are reflected in present costs with the same being true for 1982 and 1983. That is only looking at a 15% increase.

MR. WILSON explained that the present contracts are put out to bid. The Old West Travel Foundation is not a good way to promote. Many people are in agreement that we should drop from that organization.

The freight costs are up and down. They need the request for \$8,160 for freight to distribute the Montana maps.

The money goes into a variety of national magazines but by law

they are not allowed to advertise within the state.

SENATOR SMITH asked how the agency knows how many non-resident visitors Montana has. BRUCE FINNEY explained that the agency conducts a survey using traffic counters and visual counts four times a year.

REPRESENTATIVE NORM WALLIN, speaking for the Bozeman Chamber of Commerce, was present to testify that the private sector is willing to raise \$100,000 to be used in promotion if the state will match the funds two to one. He also asked that the committee start the program in fiscal year 1982 instead of waiting until 1983.

MR. BUCHANAN explained that whatever is not matched by the private sector would revert to the general fund.

AL DONAHUE, a member of the Montana Chamber of Commerce and the owner of an inn, also testified on behalf of this plan. He stated that then, private industry would have a say in how the funds are being spent also.

PAT MELBY, representing ski operators, felt his association could help bring in a substantial amount of the funds necessary for the matching funds.

REPRESENTATIVE BOB MARKS said that if industry wants to help itself, they should start looking to a phase-out type of program so they would eventually be promoting their own industry. It is not fair for all the taxpayers to fund travel promotion when they do not benefit completely from it.

REPRESENTATIVE STOBIE asked Mr. Donahue how he feels about having the state phase out of the promotion business. The answer was that the travel dollars spent in Montana goes into more than just the motel business but rather into all businesses.

REPRESENTATIVE MANUEL asked if he felt the taxpayers are subsidizing this fund of \$700,000. MR. DONAHUE replied that the innkeepers are spending a lot of money already. MR. WICKES stated that the fuel tax is an important revenue to all of the people of Montana.

Coal Board

This agency is requesting one staff person to monitor grants. The LFA and Executive are recommending current level. However, they do need someone to monitor what is happening. Some of the

funds in contracted services are for an audit. The board has given away \$30 million without checking on it.

The board also needs some criteria in judging whether or not a grant should be given. There are a lot of changes in Montana that have not been a result of coal impact and yet have received grants. The LFA recommends putting language in restricting where the money can be spent.

MS. CAROLYN DOERING, Office of Budget and Program Planning, said the current appropriations bill says any funds received are spent. MR. CAMPBELL gave a background on the Coal Board. The figures used in the Executive budget come from severance tax incomes. The number one area which is impacted is schools. The bulk of the money awarded has gone to schools. There is a reversion clause that states any funds not used, reverts to the education trust fund.

The agency has reduced the FTEs from 4 to 3. Most items are at current level spending. Travel includes board members traveling to meetings.

MR. CAMPBELL felt the Coal Board does a good job of working out the criteria for the grants.

The Coal Board is made up of seven members appointed by the governor and Mr. Campbell as the director.

REPRESENTATIVE STOBIE asked if there is really a need for a secretary. MR. ROBINSON answered that there is a great deal of paperwork with the processing of the applications.

The meeting was adjourned at 11:30 a.m.



CHRIS STOBIE, CHAIRMAN

lmw

Indian Affairs Coordinator

Program 19

	FY 82	FY 83
Grade 15 Step 11	22,375	22,375
Grade 10 Step 3	12,347	12,347
Grade 7 Step 1	<u>9,000</u>	<u>9,000</u>
	43,722	43,722
Benefits 19.7%	<u>8,613</u>	<u>8,613</u>
Total Personal Services	52,335	52,335
Contracted Services (Printing)	1,500	1,500
Supplies & Materials (LFA)	2,100	2,300
Communication (LFA)	4,500	4,950
Travel	5,000	5,000
Rent (OBPP)	5,060	5,581
Utilities 15% of rent	760	850
Repair & Maintenance (OBPP)	140	160
Other Expenses (OBPP)	<u>10,110</u>	<u>10,274</u>
Total Operating Expenses	<u>29,170</u>	<u>30,615</u>
Total Program	<u>81,505</u>	<u>82,950</u>
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Funding:		
General Fund	<u>81,505</u>	<u>82,950</u>
Total Funding	<u>81,505</u>	<u>82,950</u>

Section 803 Program

Agency Program	Code	Page of	ICBPP Use Only, 1991 Authorized	REQUESTED 1992 FISCAL YEAR		REQUESTED 1993 FISCAL YEAR		IOBPP Use Only	IOBPP Use Only	IOBPP Use Only	IOBPP Use Only
				Total FY 1992	IOBPP Use Only	Total FY 1993	IOBPP Use Only				
FULL TIME EQUIVALENT EMPLOYEES			3.0	3.0	3.0	3.0					
Salaries			49,771	51,310	51,310	51,310					
Hourly Wages											
Other Compensation											
Employee Benefits			9,237	9,533	9,533	9,533					
Total Personal Services			59,008	60,843	60,843	60,843					
Contracted Services			81,457	2,075,559	2,075,559	1,224,116					
Supplies and Materials			1,425	478	478	478					
Communications and Transportation			12,588	1409	1409	1399					
Travel			8,000	9,201	9,201	9,201					
Contractor Payments			3,247,689	5,569,429	5,569,429	3,292,357					
Utilities											
Repair and Maintenance											
Other Expenses			750	750	750	750					
Goods Purchased for Resale											
Total Operating Expenses			99,075	5,788,826	5,788,826	3,526,595					
Equipment			925	825	825	825					
Total Equipment			925	825	825	825					
TOTAL OPERATING COSTS			159,008	5,850,554	5,850,554	3,587,638					
Capital Outlay											
Local Assistance											
Grants											
Benefits and Claims											
Transfers											
Debt Service											
TOTAL PROGRAM COSTS			159,008	5,850,554	5,850,554	3,587,638					
SUMMARY - Accounting Entry											
General Fund				56,225	56,225	39,056					
FRA Planning Grant				2,249,900	2,249,900	1,542,225					
FRA Project Grant				3,564,429	3,564,429	3,292,357					
TOTAL FUNDING				5,950,554	5,950,554	5,950,554					

BUDGET JUSTIFICATION

Agency Code Page of
 Program Rail Planning

Expenditure Category Name

Activity Current Level Service Expenditures	82 FY	
2101 - Update Previous Line Studies	\$ 80,885	
Expanded Line Study	123,559	
Incorporation of Sub-Terminal Line Study	1,500	
Develop State Trans. Network Map	2,500	
2125 - Preliminary Engineering and Project Inspection	278,471	
Construction - Lewistown-Geraldine	3,358,758	
Construction - Choteau-Fairfield	1,932,200	
		83 FY
2101 - State Rail Plan Update	\$	122,616
Mainline Study		27,416
Update Previous Line Study		95,000
2125 - Preliminary Engineering and Inspection		169,618
Construction - Lewistown-Geraldine		2,454,410
Construction - Lewistown-Moore		645,000

Expenditure - Category Detail	Exp. I.D.	DATA PROCESSING ENCODING						1982 Recommended	1983 Recommended
		(OBPP Use Only)	1981 Authorized	1982 Requested	1983 Requested	1982 Recommended	1983 Recommended		
Consultant and Professional Fees	21 01			208,444	245,032				
Construction	25			5,569,429	3,269,028				
Office Supplies	22 11			148	161				
Maps and Charts	22 24			330	358				
Telephone - Local	23 01			1141	1238				
Telephone - STS Usage	23 14			268	291				
In-State Commercial Transportation	24 02			725	783				
In-State Motor Pool	24 04			506	547				
In-State Meals	24 07			368	397				
In-State Lodging	24 08			460	497				
Out-of-State Commercial Transportation	24 12			5406	5838				
Out-of-State Meals	24 17			552	596				
Out-of-State Lodging	24 18			1184	1279				
Registration Fees	28 09			680	680				
Freight and Express	28 22			70	70				
TOTAL				5,789,711	3,526,795				

AGENCY : 6505 DEPT OF COMMUNITY AFFAIRS
PROGRAM : 21 COAL BOARD

CODE	DESCRIPTION	ACTUAL 80	BUDGET 81	LFA 82	OBPP 82	SUB-CMIT	LFA 83	OBPP 83	SUB-CMIT
000	FULL TIME EQUIVALENT EMPLOYEES	4,000	4,000	4,000	4,000		4,000	4,000	
00	PERSONAL SERVICES			94,240			102,596		
00	SALARIES	51,193	72,796		72,974			73,169	
300	OTHER COMPENSATION	4,200	4,200		4,500			4,500	
00	EMPLOYEE BENEFITS	8,888	12,276		12,669			12,669	
	TOTAL FIRST LEVEL	64,281	89,272	94,240	90,143		102,596	90,338	
00	CONTRACTED SERVICES	6,956	30,744	47,000	47,000		47,000	48,029	
200	SUPPLIES & MATERIALS	747	2,500	906	888		983	974	
700	COMMUNICATIONS	4,550	5,000	5,604	5,646		6,080	6,142	
00	TRAVEL	13,038	20,000	15,207	17,245		16,423	19,833	
500	RENT	3,406	4,000	3,936	4,232		4,231	4,663	
00	UTILITIES	385	450	495	545		554	600	
700	REPAIR & MAINTENANCE	450	400	554	601		601	690	
00	OTHER EXPENSES	15,238	17,500	6,500	25,034		7,000	25,606	
00	GOODS PURCHASED FOR RESALE								
	TOTAL FIRST LEVEL	44,770	80,594	80,202	101,191		82,872	106,537	
100	EQUIPMENT	601	1,000	1,100	601			601	
	TOTAL FIRST LEVEL	601	1,000	1,100	601			601	
100	FROM STATE SOURCES	7,825,751	4,996,142		9,162,509			11,153,010	
	TOTAL FIRST LEVEL	7,825,751	4,996,142		9,162,509			11,153,010	

AGENCY : 6505 DEPT OF COMMUNITY AFFAIRS
PROGRAM : 21 COAL BOARD

LINE	DESCRIPTION	ACTUAL 80	BUDGET 81	LFA 82	OBPP 82	SUB-CMTT	LFA 83	OBPP 83	SUB-CMTT
	TOTAL PROGRAM COSTS	7,935,403	5,167,008	175,542	9,354,444		185,468	11,350,486	
2266	LOCAL IMPACT ERA	7,935,403	5,167,008	175,542	9,354,444		185,468	11,350,486	
	TOTAL FUNDING	7,935,403	5,167,008	175,542	9,354,444		185,468	11,350,486	