

MINUTES OF THE MEETING  
TAXATION COMMITTEE  
MONTANA STATE SENATE

March 10, 1981

The 42nd meeting of the committee was called to order at 8:10 a.m. in Room 415 of the State Capitol Building, Chairman Pat Goodover presiding.

ROLL CALL: All present except Senators Elliott and Norman who were excused and Senator Ochsner, who was absent.

CONSIDERATION OF HOUSE BILL 191:

"AN ACT TO ALLOW COUNTIES OF THE FIRST AND SECOND CLASS THE OPTION OF USING A 55-MILL ALL-PURPOSE LEVY AND ESTABLISHING CERTAIN TAXES AND PURPOSES TO BE FUNDED OUTSIDE THE ALL-PURPOSE LEVY: AND AMENDING SECTION 7-6-2220, M.C.A."

Representative Waldron, Missoula County, said 191 is a means of providing flexibility to county governments in first and second class cities allowing them the option of using an all-purpose mill levy rather than specific mill levies. There are a number of mills that are still left outside the all-purpose mill levy--Section 3 of bill. The House also included the poor fund and the district court fund because it was felt those are state services. If the bill passes, the legislature would still have responsibility of controlling property tax but would not have to determine level of funding for each program. The total of mills could not exceed all-purpose levy established by the legislature.

PROPOSERS: J. D. Holmes, Montana Institute of the Arts, Montana Arts Advocacy; Doris Shepherd, Montana Association of Counties. There were no opponents so Representative Waldron closed. Counties are limited to how much they can expend because there is a 4-mill limit. Under this proposal if they decide to use the all-purpose levy, then they can spend more on their bridge projects without additional mills.

McCALLUM: Is the 4 mills on the bridge fund?

SHEPHERD: I think it's more.

Dave Wanzonried, Department of Community Affairs, said that he thinks the mill levy depends on lineal feet of bridge. He said counties are currently authorized 5 mills for bridges--an additional levy can be approved up to 10 mills if counties approve for both bridge and road construction.

McCALLUM: This bill and the road fund are 15 mills. Road fund and poor fund are both outside 15 mills. The answer is that now for the general fund the counties are allowed to levy in first, second, and third class so many mills. In the additional funds,

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how much do they all add up to seeing that you are going to leave road fund outside?

WANZENRIED: About 63 mills. Some levies don't have any limit but for those levied it would be 63 mills that they are currently authorized to levy. There's a levy that can be imposed for ferries across rivers--some counties don't use that. Unless a Fair comes in--you have to use it there. It would reduce taxable authority from 63 to 55 mills but would provide more flexibility.

MANLEY: Does this expand taxing authority?

WALDRON: Yes.

MANLEY: Then this bill would give the county or county commissioners authority to raise the taxes? Does it put some outside this limit?

WALDRON: In a sense, it probably would. It provides flexibility to use those funds in other places.

TOWE: There has never been an all-purpose levy for counties before like the cities have had in the past. I don't understand the road fund. Is there a way a county could exceed the levy?

WANZENRIED: Under current law the road fund is not county-wide.

TOWE: What we are talking about is 55 mills plus road fund of 15 mills.

WANZENRIED: Lewis and Clark County can levy 25 mills for general fund and 15 for road fund.

WALDRON: If you take the total number of mills they add up to more than 63 mills. What we are talking about is taking those mills and placing them in a 55 all-purpose levy. Don't be confused by thinking we are putting on a 55 all-purpose mill levy and then adding to it with the others.

TOWE: What's the limit on the poor fund?

WALDRON: 13 1/2 mills.

TOWE: District Court?

WALDRON: 6 mills. The others are insurance and things like that, things with specific limitations.

McCALLUM: To me the counties are going to have more money -- under this 55 mill levy without a line-item levy? There are a lot you won't be able to impose (civic centers, ambulance services, pure-bred livestock show) so what you are doing by cutting the mills, you are giving yourself a bigger pot to spend.

WALDRON: In most of the larger counties most of these are used. You are correct in what you are saying.

McCALLUM: Capital outlay. Where does that come out of, general fund or road? That's one to really eat up a budget if you don't line item it.

TOWE: Average county levy is about 55 mills.

WANZENRIED: For the same purpose the all-purpose mill levy can be imposed--rough calculation is about 35 mills. Total the mill levy for the state, subtract out road fund, and divide by 53 (counties)--the average is 35 mills. The hearing was closed on HB 191.

CONSIDERATION OF HOUSE BILL 223:

"AN ACT TO REALLOCATE THE COAL SEVERANCE TAX BY REDUCING THE AMOUNT ALLOCATED TO ALTERNATIVE ENERGY RESEARCH AND ALLOCATING A PORTION OF THE TAX TO CONSERVATION DISTRICT OPERATIONS; AMENDING SECTION 15-35-108 MCA."

Representative Jim Schultz, District 48, said this bill was amended in the House Taxation committee and a Statement of Intent was attached. The first amendment is in the title of the bill. Others are on the 3rd and 4th pages. A new section was added to the bottom of the bill where DNR setting up the rules and regulations districts must meet to get a grant. The chart shows how tax comes out and where it goes. Attachments 1 and 2.

PROPOSERS:

Ray Beck, Montana Association of Conservation Districts, Attachment #3. The last 4 pages list projects by the urban people. Mr. Beck read the attached testimony and said he would like to say we are not the soil conservation service. The State of Montana has 59 districts. Dale Marxer, Cascade County Conservation District, said Cascade County could use some of these monies in the Muddy Creek Project. They have to match funds with 25% cost-share; if they get some of these funds they would have an easier time matching federal funds. Some could be used to solve saline seep, education in weed control and stream bank protection and water reservations.

Charles Helney, Chairman Bighorn Soil Conservation District, Tom Murphy, Bitterroot Conservation District, Attachment #5 (book), Frank Thompson, Lewis & Clark County Conservation District, Attachment #4.

OPPOSERS: Margaret McDonald, NPRC, opposing the bill in its present form, Attachment #6, for the reason it cuts earmarked alternative energy fund by 20%, Attachment #7. The point at issue here is not whether they should be receiving but whether they should be robbing alternate energy. We would endorse an amendment that restricts alternate energy account to 2.2%. Lucy

Brieger, Environmental Impact Council; Ruth Sjelvik, Alternate Energy Resource Organization; Leo Berry, Department of Natural Resources. This bill places the Department in an undesirable position as the Department is responsible for lending administrative assistance to conservation districts and also responsible for administering the alternate energy program. He said that Representative Schultz was correct that the amendments to this bill were suggested by him. Mr. Berry suggested that we strike everything on lines 3 and 3% on line 4 so it would read "4% of the...fund" and eliminate a potential legal problem. Representative Schultz wanted to emphasize there was nothing underhanded about bringing this bill to this committee as it is not designed as a tax relief bill. He said we didn't come in to steal someone's money--just that we thought this was a logical source for money for conservation districts.

SEVERSON: What kind of money are we talking about?

SCHULTZ: One-half million a year.

TOWE: Two other suggestions were made: That it come out of the general fund which reduces coal tax from 19% to 18% and other money come out of the constitutional trust fund.

BECK: We never discussed general fund. An attempt was twice made to amend that it come out of the trust account. At that time he asked Representative Schultz to put it in its present form.

STEVE BROWN: Will the conservation districts be able to get funding from projects under the Governor's Water Development bill?

BERRY: We requested money to assist conservation districts to develop their reservations. In particular there is a grant and loans portion where the government could make loans and grants. They would be eligible for those.

ECK: How many of the conservation districts now levy their full allowable mill levy?

BECK: Approximately 50%. A good share do not, as this does not raise enough money for them to do anything anyway. They levy to run their office, and other related costs.

TOWE: What is the general fund situation? What kind of monies are appropriated to the State?

BECK: \$100,000 -- that was this year's request.

MCCALLUM: I attended a conservation meeting before the session. There was much concern about the 20% program. Would that be where some of this money would go?

BECK: Some could be used for matching money.

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McCALLUM: With reference to 208, people who had creeks coming through their place have to fence them off. At times districts would have the opportunity to match 208 monies. This program is administered by supervisors who are elected people at the local level.

MANLEY: I have extensive irrigation. Something is happening all over the state. Are the cities and towns entering into these districts and more and more directors coming from there? This has been a concern to wake up and find some doctor or lawyer on our doorstep. You might think it's funny about fencing the creek, but what happens when you are no longer on the boards.

A MAN FROM BITTERROOT: You are allowed two people from the cities and towns. Those people have been cooperative and when we come to fence the streams, I don't believe it would be palatable to any of the farmers unless it was on crop rotation basis.

MARXER: In Cascade County we have had associate supervisors, usually businessmen. At one time we did have a concern that the cities would take over our job, but the law reads two people are appointed and the rest are elected in the city. The people we have asked to help us have been a great asset. There was, and is, concern in some districts about cities taking over but I think we will gain a lot of support as they are for us.

ECK: How many counties really make use of your resources and do you ever get, as a district, any money from the County Planning fund?

UHLAND: You are referring to the cooperation of conservation districts for county planning boards. Certainly where the city meets rural areas is one of the greatest problems in land and water conservation. The legislature, some years ago, passed legislation that required a supervisor be a member at the county board to help county commissioners in their efforts. It works out well in some cases.

Senator McCallum wanted reassurance he won't have to fence a creek.

Ray Beck said everyone shares the same concern, but he couldn't see it happening unless there were a severe pollution problem.

UHLAND: Nationwide it was feared EPA would set up their own conservation agency. At that time the National Association of Conservation Districts challenged that we already have districts in existence that are representative of the people. Their arguments were that farmers are like foxes in the henhouse--you couldn't trust them to administer. We have met that challenge, and I think we represent agriculture fairly.

The hearing was closed on SB 223.

REPORT ON SENATE JOINT RESOLUTION 23:

BOB BROWN: The sub-committee composed of Senators Crippen, Towe, McCallum, and himself recommend that SJR 23 be passed with an amendment. At the request of Senator Crippen, and as drafted by Senator Towe, the amendment is as follows: Page 4, line 13 new "(10) To educate our children, to build roads, and to pay ordinary costs of government and other legitimate needs."

In answers to questions about the proposed amendment, Senator Towe said he had no objections to it. He said he didn't list all of the uses of the coal tax funds, and didn't want to suggest by only the 9 items listed that there were not other uses.

MANLEY: Still believes the resolution is necessary, but thinks the resolution says all it has to say on the first page.

CRIPPEN: The amendment represents a compromise. He said he had objected to the use of 30%; he still objects but will agree to go along with it. He wanted something to show that there had been agreement and that concerns, such as education, are listed.

Senator Bob Brown moved the amendment. The question was called. The motion carried with Senators Eck, Manley and S. Brown dissenting.

Senator Goodover wanted to amend out lines 14-17 on page 4.

A motion was made by Bob Brown to give SJR 23 a DO PASS, as amended. Senator Brown offered to withdraw his motion if the chairman wanted other amendment language. The question was called on Senator Brown's amendment and the motion carried with Senators Manley and Goodover dissenting.

CONSIDERATION OF HOUSE BILL 351:

"AN ACT TO CLARIFY THE AUTHORITY OF MUNICIPAL AND COUNTY GOVERNING BODIES AND TO PROVIDE FOR ADMINISTRATION OF RURAL SPECIAL IMPROVEMENT DISTRICTS WHEN THE PROPERTY HAS BECOME PART OF AN INCORPORATED CITY OR TOWN."

Representative Kessler said his bill is a housekeeping bill to clear a problem caused by annexation of rural special improvement districts which have been created and then annexed into a city. The problem is that there is no way the city can take over operation of the SID's. The bill provides for transfer of control into the city after mutual agreement by a city-county district. There were no proponents or opponents, and questions from the committee were called.

CRIPPEN: Are you anticipating transfer of funds? Is this an operating rural SID now?

KESSLER: Yes, the city would just take funds over for the operation.

TOWE: You say operation and management of the district--you are talking about a district created sometime ago. It would still refer to a district created in the fall of 1981 or in 1982 and the city could take it over if they were annexed?

KESSLER: Yes.

TOWE: What does happen? This only applies if there is an annexation. What about the revolving fund? Revolving funds for SID's and RSID's are required by most bonding companies to get bonds to sell, and will require that the city or county connect in monies to the revolving fund. Then, if there is a default, the district can borrow from the revolving fund as security for bonds. Money can be appropriated from the general fund into these funds. There has been legislation passed from the general fund into these funds. There has been legislation passed that permits 5% of the fund up-front. What happens to these revolving funds if you have a RSID that is annexed that the county has supported up to the time of annexation--then it is taken over by the city--what about the revolving fund? Will it be claimed from the city or the county?

KESSLER: I would guess it would be the city.

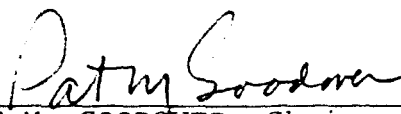
ELLIOTT: From the way the bill is worded and the fact that it came from the Billings area, I would think it's not intended to address finances, but I think they are talking about a water district operation within the city limits and not addressing the original financing. Perhaps we need further information.

KESSLER: If you could postpone the hearing, I would be glad to have people come in.

TOWE: You might ask how they envision it to be handled.

Senator Goodover announced we would hold the bill until Representative Kessler was ready. He announced also that if there is an early session, the committee will meet this evening after adjournment.

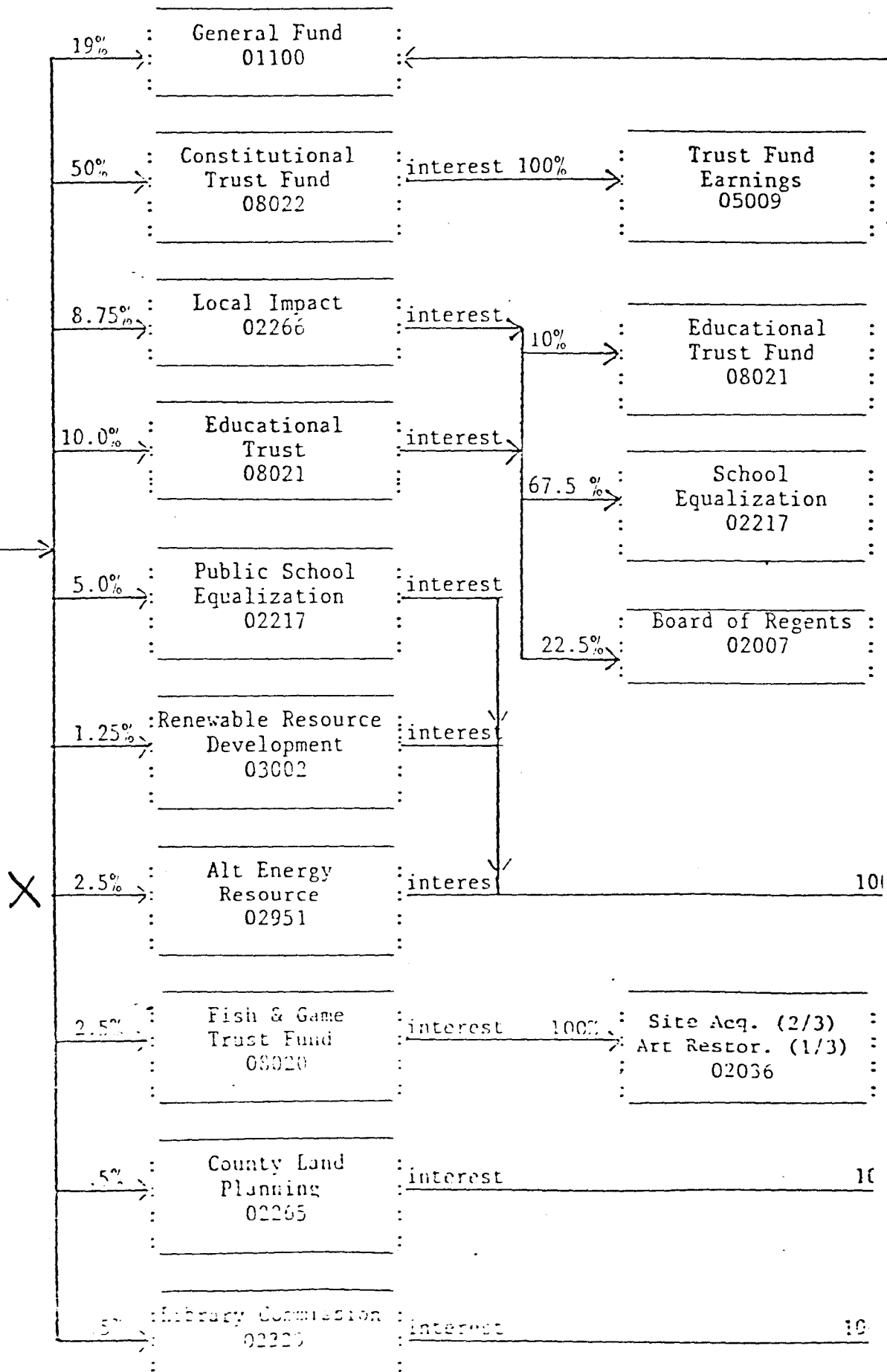
The meeting adjourned at 9:55 a.m.

  
PAT M. GOODOVER, Chairman

Office of Legislative Fiscal Analyst  
Coal Severance Tax Distribution

: Coal Tax :  
: FY '81 and :  
: Forward :

Section 15  
15-33-108, MCA





## HOUSE BILL 223

J. SCHULTZ

MR. CHAIRMAN, AND MEMBERS OF THE COMMITTEE, FOR THE RECORD, MY NAME IS JAMES SCHULTZ, REPRESENTATIVE FOR DISTRICT 48.

THE BILL THAT I PRESENT TO YOU THIS MORNING IS H. B. 223. I AM SORRY TO BRING YOU AN AMENDED BILL, BUT UPON LOOKING THE BILL OVER, AFTER IT WAS PRINTED, THE LEGISLATIVE COUNCIL LEGAL RESEARCHER RECOMMENDED THE AMENDMENTS I HAVE PASSED OUT TO YOU. THEY DO NOT CHANGE THE BILL BUT THEY ELIMINATE ANY CONFUSION IN READING THE BILL.

## CORRECTED

READING THROUGH THE BILL--

"AN ACT TO REALLOCATE THE COAL SEVERANCE TAX BY REDUCING THE AMOUNT TO ALTERNATIVE ENERGY RESEARCH AND ALLOCATING A PORTION OF THE TAX TO CONSERVATION DISTRICT OPERATIONS; AMENDING SECTION 15-35-108 MCA."

THE REST OF THE AMENDMENTS ARE ON PAGE 4. ON LINE 7, INSERT (J) 2% TO THE EARMARKED REVENUE FOR CONSERVATION DISTRICTS. RENUMBER SUBSEQUENT SUBSECTION. PAGE 4 - LINE 10--FOLLOWING STATE STRIKE THE SEMICOLON, INSERT PARENTHESES. PAGE 4 LINES 11 AND 12 FOLLOWING LINE 10--STRIKE SUBSECTION (K) IN ITS ENTIRETY.

MEMBERS OF THE COMMITTEE, CONSERVATION DISTRICTS WERE BROUGHT INTO BEING DURING THE 30'S WHEN THE UNITED STATES WAS LOSING OUR MOST PRECIOUS NATURAL RESOURCE--"THE NATION'S SOIL" AT A DESTRUCTIVE RATE THAT SOON WOULD REDUCE THE CENTRAL AND WESTERN REGIONS OF THE NATION TO A DESERT.

MONTANA SOIL CONSERVATION DISTRICT LAW WAS PASSED BY THE 26TH ASSEMBLY IN 1939.

MONTANA SOIL CONSERVATION DISTRICTS ARE LEGAL SUBDIVISIONS OF STATE

GOVERNMENT, RESPONSIBLE UNDER STATE LAW FOR CONSERVATION WORK WITHIN THEIR BOUNDARIES, JUST AS SCHOOL DISTRICTS ARE RESPONSIBLE FOR EDUCATION.

PRESENTLY THERE ARE APPROXIMATELY 14,500 COOPERATOR'S WITH 43,550,000 ACRES OF LAND. IN THE PAST 40 ODD YEARS THE RESPONSIBILITIES, BOTH FINANCIAL AND LEGAL HAVE BEEN AN EVER INCREASING LOAD ON OUR LOCAL DISTRICTS.

SUCH RECENT DEVELOPMENTS AS WATER QUALITY ASSESSMENTS, GREAT PLAINS AND RANGELAND RESOURCE LOAN PROGRAMS, PIPE LINES, SALINE SEEP, STREAM BANK EROSION, HUNDREDS OF DEVELOPMENTS TO BENEFIT MUNICIPALITIES, SCHOOLS, HOSPITALS, CITY, COUNTY PLANNING AND MANY OTHER AREAS OF RESPONSIBILITY, HAVE EXPANDED THE DISTRICTS DEMAND A HUNDRED FOLD. ONE FACTOR THAT MUST BE PARAMOUNT IN OUR CONSERVATION PROGRAM IS THE NATION'S SOIL AND WATER. WE CANNOT MAKE ANY MORE. NO ONE KNOWS HOW LONG IT TAKES NATURE TO DEVELOP AN INCH OF TOP SOIL BUT THE SCIENTIFIC ESTIMATES RANGE FROM 500-1000 YEARS. SO IT MUST BE CONSERVED.


A NATIONS ECONOMIC LIFE IS DIRECTLY RELATED TO THE QUALITY OF ITS SOIL AND WATER RESOURCE. AMERICA'S HIGH STANDARD OF LIVING IS THE DIRECT RESULT OF OUR HIGHLY PRODUCTIVE SOILS. WE ARE NOT CONCERNED OVER OUR FOOD SUPPLY. OUR FARMERS AND RANCHERS PROVIDE US WITH THE GREATEST VARIETY OF FIND FOOD THAT EXISTS ANYWHERE IN THE WORLD AND AT A COST OF FEWER HOURS OF DAILY WORK THAN ANY OTHER NATION.

OUR SOIL CANNOT BE REPLACED, BUT WITH CONCERNED CARE AND MANAGEMENT ITS PRODUCTIVE CAPACITY CAN BE RENEWED YEAR AFTER YEAR FOR SUSTAINED MAXIMUM PRODUCTION.

HOUSE BILL 223  
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JANUARY 22, 1981

MR. CHAIRMAN THERE ARE SEVERAL OTHERS WHO WISH TO SPEAK TO THE BILL.

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, IN CLOSING I REMIND THE  
COMMITTEE TO PUT PRIORITIES IN ORDER. WITH A BOUNTIFUL AGRICULTURE  
OTHER RENEWABLE ENERGY SOURCES WILL ALWAYS BE AVAILABLE.



Attachment #3

# Montana Association Of Conservation Districts

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HB 223

In the early 1930's mounting problems of soil erosion, floods and dust storms resulted in Congress passing Public Law 46 in 1935. This law declared soil and water conservation and wise land use a National Policy. However there was a missing link in making the wheels of this National Policy turn, so in 1937 the President wrote Governors of the States recommending legislation allowing landowners to form soil and water conservation districts. The president's recommendation was followed through resulting in 2950 Conservation Districts representing all 50 states, the Virgin Islands and Puerto Rico.

Today the nation's 2950 soil and water conservation districts include over 2.2 billion acres of land and some 2.7 million farms and ranches within their boundaries. This represents 99 percent of the farms and ranches that exist within the United States, Puerto Rico and the Virgin Islands. By covering this large area the districts provide service to about 2.3 million cooperators covering over 780 million acres.

The State of Montana contains 59 conservation districts which were formed in accordance with the Montana Soil Conservation District Law passed by the 26th General Assembly in 1939. Montana's Conservation Districts are legal subdivisions of State Government, responsible under state law for conservation work within their boundaries.

The purpose of Montana's Conservation Districts is to develop and carry out long range programs that will result in the conservation and improvement of the soil and water resources, to provide assistance in the planning and application of conservation measures; and to encourage maximum participation of the general public and all local public and private agencies to fulfill this purpose. In doing this, districts make available to individuals technical assistance in planning and supervision in the installation of land use systems, vegetative practices and necessary engineering structures. Along with this, districts carry out broad range community programs where widespread resource problems require group action for their solutions. Districts are managed by local citizens who know the problems in their areas which results in an excellent example of the people being the government.

Montana's Conservation Districts are directly involved in many projects and programs that benefit the state and its people. Conservation Districts include the entire State of Montana except for some areas in Custer and Prairie County. Conservation Districts represent about 14,500 cooperators totaling 43,550,000

acres of farm and ranchland. Approximately 8,000 cooperators are serviced yearly which takes in approximately 20 million acres. As of October 1978, 59 cities and towns voted to be included within Conservation Districts. Conservation Districts in urban and developing areas provide soil surveys, water inventories, assistance with waste disposal and other services to builders, contractors, planning commissions, municipal officials, schools, hospitals, industries and small landowners. Last year 430 units of state and local government received assistance from Conservation Districts.

Besides these responsibilities, other Conservation District projects and concerns include:

- Offstream storage
- Soil Survey
- Watershed projects - 9 complete; 4 operational
- RC&D Projects - 3 in Montana, benefits to municipalities, schools, hospitals, etc.
- Great Plains Conservation Programs - 2,423 developed;  
580 active today covering 4,235,000 acres
- Water Quality Assessments, Implementation, Tours and Public Meetings
- Rangeland Resource Loan Program
- Triangle Saline Seep Project - 9 county saline seep control program with 10 Conservation Districts
- Muddy Creek Program
- Streambank Protection (SB310)
- Youth Camps
- Range Tours
- Timber Management
- City-County Planning Boards
- Coordinate ranch planning with local, state & federal agencies
- Water Reservations
- Resource Conservation Act - Appraisal of soil, water & related resources
- Mining Impacts on Renewable Resources
- Apply technical assistance when resources are available
- Provide soils information to city planners, agriculture and industry interests
- Hold public meetings on problems and concerns within the district
- Utility and Pipeline Routing Procedures and Permit Process.
- Tree Planting - shelterbelts, etc.
- Wilderness Studies
- Weed Control
- Develop programs for further Conservation Protection and Enhancement of District Resources.

The day-to-day work of the Conservation Districts covers many more areas than what is mentioned here. Many special projects arise within a district that may not be a problem or even a concern in another part of the state. All of the projects will, in one form or another, benefit every individual who lives in the State of Montana.

Montana's Conservation Districts are either directly or through their association involved in many facets of local, state and federal government. A few of their involvements are:

- Governor's Ad Hoc Committee on Agriculture
- State Forestry Planning Committee
- Resource Conservation Advisory Council
- Natural Resources Board
- State Rural Clean Water Committee
- City-County Planning Committees
- Montana Rangeland Resource Committee
- BLM, Forest Service, SCS, Coordination Committees
- Legislative Interim Committees
- Rural Area Development Committee
- Plant Material Center Board of Managers
- ASCS Development Committee
- Public Land Council

As indicated by the projects and programs that districts are involved in along with the boards and committees that districts are represented on, it is obvious that they are very active local governments made up with citizens that take a lot of interest in Montana.

Two concepts gaining support and understanding are the desirability of decentralized government, local control and the limits of natural resources. More importantly there is a willingness by landowners and compelling need and desire by the public to invest in public benefits by assisting landowners to do more than is being done to conserve soil, conserve and develop water for multiple uses, prevent saline seep, accelerate soil surveys, accelerate range management, control noxious weeds, reclaim mined lands, mitigate drought, provide for flood control, etc. and by so doing conserve energy, protect the tax base, and improve the economy.

The demands and requests that are being placed on districts are increasing at a rate that is causing difficulty to Conservation Districts which are in no way financially able to meet these demands. The donated time and expense that was once occasional has developed into a full-time job in many cases.

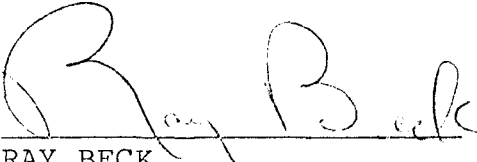
It has progressed to a point that additional funding is badly needed for planning, developing and implementation of projects, matching money for federal loans, technical help and just general financing districts so they can meet the massive impact of requests.

The funding from this legislation should be administered by the Department of Natural Resources & Conservation, Conservation Districts Division. Districts would submit applications to DNR&C for funds for which districts are authorized by Conservation District Law. The Department would refer applications

to the Resource Conservation Advisory Council for their recommendations to the Director.

The Montana Association of Conservation Districts urge your support on HB 223.

Thank you.



RAY BECK  
Executive Vice President

## CD ASSISTANCE TO URBAN AREAS & PEOPLE

- I. Status - 59 cities and towns in CD's at present
- II. Soils Information
  - A. Construction projects
  - B. Gardens
  - C. Property purchases
  - D. Septic tank drainfield information
  - E. Examples
    - 1. Flathead CD recently provided detailed information on sedimentation, runoff, windbreaks, etc., for a proposed shopping mall to serve the city of Kalispell.
    - 2. Yellowstone CD - Assisted with the Alkali Creek Diversion for building the METRA in Billings.
    - 3. Rosebud CD has provided soils information to Colstrip on sewage disposal, wells, prime agricultural land, etc.
- III. Water Quality Programs
  - A. Improve water quality
    - 1. Drinking
    - 2. Household
    - 3. Industrial
    - 4. Recreation
      - a. Fishing
      - b. Swimming
      - c. Boating
  - B. Example - Muddy Creek Water Quality Project, Cascade CD
    - 1. Improve water supply (Missouri River) for Great Falls
    - 2. Improve recreation quality of Missouri
    - 3. Improve water quality of the Sun River so can be utilized for recreation



#### IV. Environmental Education

- A. Newsletter (mailed to urban people)
- B. Youth speech contests (open to all schools)
- C. TV spots, radio spots, and newsarticles on resource conservation
- D. Examples
  - 1. Cascade CD
    - a. Sponsor Conservation Teacher of the Year Award
    - b. Sponsor prize for the 4-H Conservation Club booth at the State Fair. Last 2 years the winners were from urban schools.
    - c. Judge science fairs at parochial schools in Great Falls
    - d. Lectures and counseling for Great Falls High Schools Vo-Ag classes. Also donated a projector
    - e. Sponsor the Cochran Managed Natural Area along the Missouri River. 100 acres of virgin prairie grassland along the Missouri River has been unchanged since Lewis and Clark first discovered the area. Area visited by Great Falls residents (senior citizens groups, school groups, church groups, FFA school science classes, etc.)
    - f. Provide information to the Great Falls School Environmentalist
  - 2. Rosebud CD
    - a. Sponsor prizes for Plant Identification contests at CD booth, for adults and youth
    - b. Sponsor up to 5 boys for Youth Range Camps, open to all people
  - 3. Custer CD
    - a. Provide conservation booklet to the Miles City schools

#### V. Flood Control

- A. Examples
  - 1. Flathead CD
    - a. \$5,000 has been set aside to stabilize a streambank along the Stillwater River. At this point along the Stillwater a Kalispell City Park is across the river.
    - b. Worked for several years on the Whitefish Lake (along the City of Whitefish) Stabilization Project. Held public meetings, etc.

2. Cascade CD
  - a. In 1975 secured Federal '216' money for Woodland Estates (Great Falls) for flood control structures (rip-rap etc.)
3. Yellowstone CD
  - a. Assisting with the creation of a flood control district along Blue Creek (Billings)

## VI. Planning

- A. CD supervisors are authorized to serve on county planning boards
  1. Examples
    - a. Missoula CD
      1. The CD works with the planning board on weed control in subdivisions
    - b. Lewis and Clark CD
      1. Reviews subdivisions and gives recommendations to the planning board
- B. CDs held public meetings to gather resource information, many CDs used this information in their Long Range and Annual Plans, many urban people attended these meetings
  1. Example - Cascade CD
    - a. Roughly one-half of the people in attendance were urban

## VII. Waste Water Control

- A. Examples
  1. Flathead CD
    - a. CD served on 201 Wastewater Committee for the Kalispell-Evergreen area. Also plans to hold public meetings concerning the Evergreen wastewater situation
  2. Yellowstone CD
    - a. Planning to address stormwater runoff from Billings

## VIII. Streambank Protection

- A. Through review of 310 permits CD's offer valuable information and experience to urban and rural people alike while protecting streams.
- B. Example - Missoula CD
  1. Holding public meetings to find viable solutions for Missoula on Northern Tier Pipeline's stream crossings

## IX. Forestry

### A. Examples

#### 1. Cascade CD

- a. The board is working with the State Foresters office on promotion of private forestry management while maintaining a fire wood source for Great Falls

#### 2. Rosebud CD

- a. Provided information to Forsyth on tree plantings around urban homes

## X. Food and Fiber Production

### A. CD's are assisting with the preservation of Montana's Food and Fiber production base

#### 1. Soil erosion control

#### 2. Water quality maintenance

#### 3. Agricultural land preservation

- 1. Example - Missoula CD. The board has been working with private consultants to find acceptable methods of agricultural land preservation

\* Examples from: Cascade, Flathead, Custer, Rosebud, Missoula, Lewis and Clark and Yellowstone CD's.

Attachment #4

March 10, 1981

To the Committee Members on House Bill #223

I am Frank Thompson , chairman of the Lewis & Clark Conservation District.

I urge your approval of HB #223

During the first week of February a group from Montana attended the Nat'l Assoc. of Conservation Districts Convention in San Francisco. I attended a committee meeting on Environment.

A young woman , with a Doctorate in Math, who works for the Sierra Club spoke to us on Zero population growth. Now this proves to us but one thing; that people of this country are becoming aware and concerned that we can no longer produce food in unlimited quantities.

Take some of the older countries of the world like China, India, Ethiopia, South Africa and many other Mid East countries where people are starving to death by the 10s of thousands. Even Russia with it's vast Natural Resources is importing millions and millions of tons of food every year because they can not raise enough food to feed their people. We will be the next to face this problem. We in the West are the last frontier. Each year we are losing our agricultural land at the rate of Three <sup>M</sup> billion acres. Sooner or later we are going to have to make an effort and an investment to save our agricultural base. In a few years when we are faced with shortages, it is not energy we will be short of, we will be short of (1) water, (2) food. A good example in Iran, they have worlds of energy but very little food. Energy does not produce food. Soil produces food. So what Conservation Districts are asking of this Committee is for some \$ to invest in Conservation, Education, in Programs to

protect our agricultural and range lands and help promote  
an orderly harvest of the timber from our watersheds.

HB 223

Testimony of Margaret MacDonald, Northern Plains Resource Council  
Before the Senate Taxation Committee, March 10, 1981

NPRC opposes HB 223 in its present form. The reason for this opposition is the provision which cuts the earmarked alternative energy account by 20%. We find several compelling arguments against reducing the alternative energy account.

Second to local impacts funding, alternative energy represents the most appropriate allocation of coal tax income. A look at the legislative history of the tax reveals that the alternative energy account and the local impacts account were the first earmarked funds enacted from the severance tax. Since that time, the legislature has consistently shown strong commitment to the use of coal tax money for alternative energy.

The logic behind this commitment is simple: We can all be assured that fossil fuels are finite and it is only a matter of time until we must rely on renewable energy systems. Investments made now in alternative energy promote a smooth and orderly transition toward the energy independence that is unquestionably in the national interest. It is appropriate to tax a nonrenewable energy resource to provide for the energy needs of future generations.

It makes sense for Montana to blaze the frontier trail in establishing viable alternatives to fossil fuels and energy independence. We now hold something of an economic stake in fossil fuels, and consequently need to be acutely sensitive to the means by which we can maintain economic stability as those technologies wane.

Additionally, with the federal government making drastic slashes in its support for renewable energy alternatives, our alternative energy program becomes all the more valuable, not only on the local front but to the nation as a whole.

The investment made in this program has already proven itself impressively productive - in energy, in jobs and in income.\* (See attached sheet) We have seen legislation pass the Senate that would enable the program to venture into the promising area of commercializing these technologies with a loan-making capability.

The point at issue here is not whether the conservation districts should receive more funding but rather that they should not be robbing it from alternative energy. Alternative and more appropriate sources for their program can be found in the general fund earmarked account of the coal tax or in the interest and income from the coal trust fund. Some CD projects are water-related and should be eligible for financing through the proposed Montana Water Development Program.

We would endorse an amendment to HB 223 that restores the alternative energy account to 2.5% of the income and allocates .5% (or 1%) from the general fund portion of the income to the CD's; or else an equivalent appropriation from the interest and income of the coal trust fund.

One final note: It is my belief that we undercut our own defense of the severance tax with legislation such as this. Insofar as the tax is distributed to uses that clearly promote the stabilization of our economy, to counter the inevitable bust cycle, it is easily defensible. To differing degrees, both alternative energy and CD allocations are appropriate under this criterion - But to rob Peter to pay Paul in this instance, when there are clearly more appropriate sources, definitely weakens our case.

## APPENDIX C

### MEASURABLE BENEFITS

Reducing reliance on fossil fuels is a basic charge of the Renewable Energy Program. Program staff has estimated that since the Program began, <sup>Up through 1980 the</sup> ~~demonstration grants~~ <sup>of the renewable energy program</sup> have resulted in direct fuel savings of more than 625 billion BTU's (British Thermal Units).

Converting to more familiar terms, this is equivalent to about 108,000 barrels of crude oil <sup>worth</sup> ~~or about~~ \$3.5 million at current prices.

These figures are expected to increase by 30 to 60 percent during Grant Period Seven, depending on funds available for Fiscal Year 1981. In addition to direct BTU savings, indirect savings are also resulting from demonstration projects and from Program-sponsored research, development and commercialization.

In addition to this significant return on investment, the \$2.6 million in state grant money has brought in more than \$18 million in federal or private matching funds and has created 66 permanent, full-time jobs as well as additional part-time employment. During FY 1981 the Bureau anticipates an additional \$44 million in matching funds and creation of up to 176 more full-time jobs, contingent on funding level.



# STANDING COMMITTEE REPORT

March 10

19 81

MR. **PRESIDENT:**

We, your committee on **TAXATION**

having had under consideration **Senate Joint Resolution** ~~XX~~ No. **23**

Respectfully report as follows: That **Senate Joint Resolution** ~~XX~~ No. **23**

be amended, as follows:

1. Page 4, line 11.  
Following: "fuels;"  
Strike: "and"

2. Page 4, line 13.  
Following: "and"

Insert: "(10) to educate our children, to build roads, and to pay  
ordinary costs of government and other legitimate government needs; and

And, as so amended,

DO PASS

# STANDING COMMITTEE REPORT

March 10 81  
..... 19.....

## PRESIDENT:

MR. ....

## TAXATION

We, your committee on .....

having had under consideration ..... Senate Bill No. 102

Respectfully report as follows: That..... Senate Bill No. 102

be amended, as follows:

1. Page 2, line 10.

Following: line 9

Strike: "dependent children"

Insert: "dependents as defined in 15-30-113."

AND as so amended

DO PASS