

MINUTES OF THE MEETING
FINANCE AND-CLAIMS COMMITTEE
MONTANA STATE SENATE

April 12, 1983

The 21st meeting of the Senate Finance and Claims Committee met on the above date in Room 108 of the State Capitol. Sen. Himsl called the meeting to order at 8:16 a.m.

ROLL CALL: All members were present.

CONSIDERATION OF HOUSE BILL NO. 334: Rep. Roush, District #13, passed out a sheet (Table 1, 2 and 3) on Resource Indemnity Trust and talked about some amendments. He said the Triangle Seep Control was started in 1982. This is a program that does work. Four and one-half employees out of Conrad. We work with 10 counties. Saline seep is caused by poor drainage or cropping practices, etc. There is a way to control it. It takes the cooperation of the landowners. It has been proven that it does work. The funding of this is a cost share of federal government, state government and individual participation. A grant for this project has been approved. The directors will actualize about \$5,000. There will be 16 counties participating in this. It is an estimated 80,000 acres and clearing about 10% a year in Montana. A saline seep land brings in about 1/10 of the taxable income as the same land in good productivity. Montana water - saline seep is the greatest threat to ground water in Montana. At the present time, the triangle has 207 applicants; 164 of these have completed their work and field work has started on 35 of the remaining. SCS, WIFE, farm organizations - all have passed resolutions in support of this.

WALTER DIENE, Treasurer of the Tri-County Conservation District, said we also receive some funding from the conservation districts to help out. This will help us out. The saline seep has been identified as one of the greatest problems in regard to our future water supply.

GLEN JACOBSON, Representative, District 1, said there are 34,000 acres in Sheridan County alone. The health hazard for livestock alone makes it a worthwhile project.

TED SCHYE, District 4 Representative, said he was in support of the bill.

STEVE MEYER, representing the conservation districts, said we support this bill. It is putting conservation on the ground. We have problems on RIT funds. What this amendment does is to basically make a contingent fund. If any available after funding the basic appropriation bill, then we will put it into this program. \$74,600 is what we are asking. We suggest you set up a priority system. We are asking you to put this on the top of the priority list.

REP. BACHINI, District 7, said he is in full support of the bill.

LEO BERRY, Department Director, Natural Resources, said he also supports the amendments. I would like to clear up one misconception.

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The agency did not allocate that money into the general fund. They replaced it in the House. It was built into the budget by the LFA and the Budget Department.

SEN. TVEIT, District 27, said he would remove himself from the committee to give support to this bill. Saline seep grows about 10% a year. There are hundreds of thousands of acres involved in this. Fielding practices have a tendency to make it increase. It is a serious problem and we need to get a handle on it.

SEN. SMITH said he would like to remove himself from the committee and likewise supports the bill. There was a meeting with the triangle area and eastern Montana that has similar problems. By working together we could be much more effective.

SEN. HAMMOND said he would also like to go on record as in favor of the bill.

SEN. DOVER said he would also like to speak in favor of the bill.

There were no further proponents, no opponents, and Sen. Himsel asked if there were questions from the committee.

SEN. STORY: When we first got into this, they had to discover the cause and how to treat it. According to this picture, they have discovered how to treat it.

MR. DODGE, Triangle Conservation District, said what we do is take the research generated over the last 10 years and take it to the landowner and sometimes the neighbors. One is the drainage area, the other is the recharge area. Based on the economic conditions of the landowner and how he operates, we are developing closing patterns to cut off the recharge of the saline seep. We work one on one to develop the land, do an economic analysis on the landowner if followed, etc. We ask all the questions encountered when implementing the plan. We are implementing this for the first time on a large scale.

SEN. STORY: How many years before he is educated and can do it on his own?

MR. DODGE: Four years ago - 11 county basis now. We are asking landowners to pay about 1/3 of it now. We are changing the cropping system in an entire region, basically, and we will need the cooperation for a number of years.

SEN. REGAN: What is the total amount of funding for your conservation district and the break down?

MR. DODGE: The budget we are requesting through the House bill in the amendment is approximately \$199,000. We have already received \$16,200 from Title 23 monies. In addition to some of the conservation districts' money, I am on loan from the federal government. The project does pay my salary. The Soil Conservation helps us and a lot of it is in-kind monies and we are asking for cost sharing.

SEN. REGAN: What is the total amount of your budget?

MR. DODGE: The House bill, \$125,000, with this amendment on 334 it would be \$74,600. \$16,000 from Title 23 monies, plus up to \$215,800 plus \$4,422 that brings it up to the total. It is federal cost share approved by the State of Montana. The landowner and district is cost sharing. We are charging the landowner \$2 a foot plus the casing.

SEN. REGAN: In the previous biennium how was it funded?

MR. DODGE: RIT monies. \$275,000 and we project a total of \$375,000, then the landowner input in our budget.

SEN. VAN VALKENBURG: Why did the bill go from \$59,000 to \$74,500 in the amendment?

REP. ROUSH: We brought the six northeastern counties in. It was after the pre-draft that we found that the six other counties wished to contribute.

SEN. SMITH: (1) I went in and checked with the LFA. The RIT is overdrawn before these requests. There were requests for this money to the tune of \$5,508,000. A check of the bills that have been killed. Mr. Berry did mention that some of this was built into the budget. There was an article in the Helena Independent Record that stated that it went to the DNRC - that it was recommended that \$5 million be used to support DNRC and more be used to fund State Lands. We did not recommend this and we felt it was impossible to go in and take out money that was built into the budget. We did not recommend it.

SEN. HIMSL: What contribution do the counties make?

REP. ROUSH: \$305,000 budget over 16 counties. To average operations cost about \$2100 an operator. They would charge so much for the pipe, etc.

SEN. HIMSL: I thought it started out to be a group management plan. That is one thing. Another put in the drainage, etc?

REP. ROUSH: They have a drill rig set up. They have to find where the water is coming from. They drill 4" holes and put perforated cement pipe in. If the water is there they will find it. They drill a number of them on the place - 20-30 holes and the landowner monitors them.

SEN. KEATING: How much land has been reclaimed?

MR. DODGE: Figures are scattered. Four years ago was our first identification and we have entirely cleaned up some acreage now.

SEN. KEATING: Just started?

MR. DODGE: It takes 3 years, even with alfalfa.

SEN. KEATING: How much acreage?

MR. DODGE: There are around 50,000 acres we are working on now.

SEN. TVEIT: The pipe is not used for drainage. They are only used in monitoring?

REP. ROUSH: I believe this to be called a saline seep can be called the cancer of the soil. A remedy to solve it - this does not just affect agriculture, ground water is a very important issue. The cities of Geraldine - many of the people have gone to a rural water system because of saline seep. It is unacceptable for use of people or livestock. The land is there and the participation of the operator and federal funding and submit to continue this to put the acres back into production. Taxes will then generate from it.

Sen. Himsl declared the hearing closed on HB 334.

CONSIDERATION OF HOUSE BILL NO. 914: Rep. Asay, District 50, said this is a bill that addresses a problem I think we are going to have to face on the Clarks Fork and Yellowstone Rivers. The Clarks Fork is a tributary of the Yellowstone. The most important living is agriculture and diversified farming is the prime income. The water was aborted on the Yellowstone Compact in 1950. That compact divided it 40% Montana, 60% Wyoming and there is a need for the legislation in order to find out what ways and where to save it. Main stream storage would help alleviate the water shortage problems. There is concern. There is about three levels of Clarks Fork in Wyoming - 69,000, 30,000 and 44,000 acre feet proposals. The letter includes hydro electric generation. It is a state drainage. In this bill it is asking that we collect the relative data and building of hydro-electric plant. We are asking for a commission of legislators. There is no stipulation as to area or party plus a representative from the party to meet with a like group from Montana so that we can look at a joint project to meet the needs of both states. I have been in contact with the state of Wyoming and have a letter from Tom Jones, Park County Appropriation Chairman calling for a joint representative on the water. We would work together on sites and past ability.

KEN KELLY, Montana Water Development Association, said we support the bill and all types of water development and endorse the testimony of Rep. Asay.

There were no further proponents, no opponents, and Sen. Himsl asked if the committee had questions.

SEN. DOVER: Is this \$1,000 - you will be happy with it?

REP. ASAY: No. The big expense would have to be to get in the simulated model.

SEN. DOVER: Do you want it back up there?

REP. ASAY: I would have to depend on the Department.

MR. BARRY: You have adequately stated what we have

SEN. HIMSL: The Compact was in 1950. Didn't that determine the proportion of water each was to get?

REP. ASAY: I don't know how much information they have as to how much water there is.

SEN. HIMSL: Years ago they determined the volume and they negotiated long and hard as to each state's allocation. Is this program more than gathering data?

REP. ASAY: No, get the data together and meet with Wyoming.

SEN. HAMMOND: This Clarks Fork River - where does it rise and where does it run into the Yellowstone?

REP. ASAY: Through Belflower. Heads in Montana and Wyoming.

SEN. VAN VALKENBURG: Was this a project that competed for RIT money or thought up?

REP. ASAY: We are looking at both RRD money and RIT money. There is a high runoff in May and June and then no water.

SEN. VAN VALKENBURG: Did it go through the process of all the other projects?

MR. BERRY: This was not a project that went through the RRD.

SEN. VAN VALKENBURG: Should it have?

MR. BERRY: Most of the projects we are looking at are ground studies. It could have been put in but it didn't work out that way.

SEN. SMITH: Originally, no anticipation of RIT money. Then hoped because of the need to go to the RRD funds.

SEN. HIMSL: These bills - several come over and are cut so drastically from the appropriation. You said something about the \$1,000 was left to breathe life into it. Was it not well received in the House and in order to give it life you structured in the \$1,000?

REP. ASAY: There were a number of bills they had to cut and just keep alive. They thought you might find some money. It would give them a little time to see if there was any money.

SEN. SMITH: There were a couple listed in the over-all budget. On this sheet 30% water development and these \$1.7 million and \$2.6 million are table one. If there was some possibility that some of the money appropriated to Fish, Wildlife and Parks - the statute provides if RRD is greater than so much, then 30% must be allocated. 30% going there if there is any money in the other projects.

Rep. Asay, in closing, said Wyoming is moving head. Three appropriations and one for 44,000 acre feet of water. When

evaluated there is a good chance there will be no return flow into the Clarks Fork drainage. We would really jeopardize the water in our state.

Sen. Himsl declared the hearing closed on HB 334.

CONSIDERATION OF HOUSE BILL NO. 597: Rep. Ted Schye, Glasgow, said this is a request of the city of Glasgow and Valley County for a joint water project. I have several people here on the bill.

Sen. Himsl: In the tight time frame we are in, would you please have them be as concise and quick as possible. I realize it is asking a lot of all of you, but we are really under a tight schedule here.

VERA JEWEL, Glasgow, said the city of Glasgow is running out of well water. Manson Bailey could not be here today, but also supports the bill. We are asking you for this so that we can get the Bureau to help us. The total cost will be about \$5 million. Testimony attached, Exhibit 1, HB 597.

LARRY L. LEGARE, Mayor of Glasgow, spoke in favor of HB 597. He said this would be a real asset to the county. We are sitting on, I think, a very bad problem in Glasgow. We have done 68% of big use of the season. There will be no irrigation, no lawns and gardens. That is the reason for the increase - primarily for fire. If the high school had caught fire, there was no water. We have a 1 million gallon water tank there. Our aquifer is very narrow. The water has dropped in the aquifer considerably. We have tested land around the town. There is no good water supply. If we don't get ahold of that Ft. Peck water someone else will get it and then what will happen to the people in the area and to Glasgow?

RAMONA M. TOW, City of Glasgow, Valley County Water, City Clerk at Glasgow, said she would urge your support and would like to tell you that since her appointment as water clerk to the city the water supply has been critical.

JIM RECTOR, Attorney, Glasgow, said we project a little over two years and we will run into a severe water shortage. Dry weather and the shortage is one problem and the quality is the other thing. It is a terrible thing. It does terrible water damage to our pipes too. It is also a large problem in the irrigation districts on the end of the Milk River. One problem is Milk River is over appropriated. Too many people want to use it for the water available.

MR. WINTERS, Harlem, said the Supreme Court said the Indians had as much right to use it as when it was created. As far as I know, the Indian Reservation can use as much as they need as long as it is for a good purpose. There are four reservations there. The other problem is there is a compact between the Canadian government and the USA. It allows the Canadians to take a certain portion. They are building the dams and appropriating the water and it will greatly increase the use. We are on the end of the river and we get the water last. This project intends to bring in a lot of acres under irrigation. It should have

a tremendous impact on our area. Basically what this project will do is about \$33 million for construction. It will be obtained through the Bureau of Reclamation project. They will not give us approval until we get the loan application process in. We need the money to finish the application. The city and county have come in and put money in so that we can go ahead. The money pays the engineers. We intend to file this application with the Bureau of Reclamation. We are here to ask you to help us get started on this project. I think the State of Montana will recoup the money many times over in income tax from the workers. Also, the grain and agricultural projects will give a better tax base to Montana. Ours was one that came out of House Appropriations that was not cut.

SEN. ETCHART said he would like to speak as a proponent of the bill. One of the things you have to look at in the water storage on the Milk River is Senate Bill 199. He said this project would tap into Ft. Peck Dam which holds 18 million acre feet of water storage in the lake. By tapping into this they would bring more water into the Milk River. We are going to have to do something to bring more water into that river.

SEN. HAMMOND: I would like to go on record as in support of this project. If we believe in doing anything in building Montana, this project will do it.

K.M. KELLY, Montana Water Development Association, said he was in favor of the project.

There were no further proponents, no opponents, and Sen. Himsel asked if there were questions from the committee.

SEN. VAN VALKENBURG: Mr. Berry, why was this not in the list of projects in HB 897?

MR. BERRY: An application was not submitted.

SEN. VAN VALKENBURG: Is there some way for us to evaluate and see if there is room to squeeze this in and maybe something else out? This happens every session that something comes in that has not been on the priority lists - it comes in late.

MR. BERRY: It is difficult to do in this type of setting to compare the projects. It did go through the program once. When we get into HB 897 there is \$60,000 of RRD money not allocated in 897 and I would anticipate that would be the source of funding.

SEN. HIMSEL: Why not now?

LARRY LEGARE: Primarily because of timing. The problem we had in June we are still trying to iron out the problems with the Bureau of Reclamation. In October, we received the information. The booklet is huge and takes a lot of time. It takes an engineer to do it. The \$35,000 paid for the feasibility study done two years ago. We went back to them and asked how much to put it together and that is where

the remainder of the money went. We did this work on the map to identify the landowners, etc. We did this work ourselves.

SEN. HIMSL: A part of the water is for the city of Glasgow and the other for the farmers. It is two phases?

MR. LEGARE: We don't know on the dam. Either it will be out of an intake structure or an open canal.

SEN. HIMSL: How many miles?

MR. LEGARE: Roughly 15 miles.

SEN. HIMSL: Primary source would come out of Ft. Peck Lake?

MR. LEGARE: Yes, it is a high quality water.

SEN. SMITH: There was one statement made. The bill came out of the House fully funded. It didn't because the account was overdrawn.

SEN. HIMSL: That was on the amendment

SEN. TVEIT: Part of the bill is for irrigation and part for water. Why not use some from the Air Base that is not used.

MR. LECARE: Regarding the water for the Air Base, the city of Glasgow to the line is 8 miles. There are some problems with that. That line was built some 20 years ago. We had the engineers look at it and they said not to use it. The size is 16" which is not adequate. The Valley Industrial Park is not closed up and if they lose their source of water it would have to be closed. That line belongs to the Air Force and we have no right to appropriate it.

REP. SCHYE: Everything has been said and I have no further closing remarks.

Sen. Himsl announced the hearing on HB 597 was closed. All Exhibits are attached.

CONSIDERATION OF HOUSE BILL NO. 745: Rep. Schye, District 4, Glasgow and Nashua said this is the request of eight Milk River Irrigation Districts. This is \$100,000 to administer a grant to Milk River to apply for hydro-electric on Tiber Dam and to study the water shortages in the Milk River Basin. The amount of \$25,000 is for a joint study between Montana and Saskatchewan. Again, for the sake of time, I will turn it to some of the representatives here from the irrigation projects.

NELSON JACOB, Tutor Engineering Firm, said he would only take a few minutes. He passed out some exhibits showing the layout of the Tiber Dam, etc. (Attached) It includes a summary report, also attached. He explained the charts and said it would be a \$9.2 million total cost, and when you added the engineering, legal costs, etc., the total project capital cost would be \$13.7 million. It was escalated to

work in '82 to \$17.3 million total capital cost at the time of the start of the construction. 12 1/2% interest. There will be a \$2.4 million total annual cost. That reduces down to about 32 mills for a kilowatt hour. It would result in a future cost of about 6 mills per kilowatt hour.

SEVER ENKERUD, Milk River Irrigation District, also spoke in favor of HB 745. He said he was president of the district and this would wupply supplemental funds to get the project going. The farmers have assessed themselves so much per acre to get it going. Their plan would complete the original design of the project. We propose to have storage - attachment, Exhibit 2, HB 745.

REP. BACHINI said he was in support of the bill.

MR. K. KELLY, Montana Water Development Association, said he was in favor of the bill.

LOREN MCKENZIE, Director, Montana Canadian Institute at MSU said this drainage is severe and will get worse. Alberta has rights for 1/2 of the drainage. Plans are now up for Alberta to take their share. They will exacerbate the problem. Also could introduce trash problems that could cause Montana a lot of money. It is much like Cabin Creek. It may be possible that Alberta would be able to size and impact their water to provide water for Montana irrigators.

SEN. ETCHART: I am also in support of the project. I am a director of the Glasgow Irrigation District and operate land within this project. If we can get this hydro-electric plant off the ground, it will make the other possibilities. About four other phases to get water into the Milk River drainage. If the financial capability, we can go ahead on this. We are the only other one that has shut off all other water for irrigation projects. When DNRC went through it there were no protestors on the shut down of water on the Milk River. Unfortunately, on the bill, the amount is \$175,000 which was knocked back in the House. We have an amendment to put back the Dr. McKenzie study with the Canadians for \$125,000.

SEN. HAMMOND: I would like to go on record as being in support of this bill.

There were no further proponents, no opponents, and the chairman asked if there were questions from the committee.

SEN. AKLESTAD: How many studies in existence on Milk River drainage and irrigation project now?

REP. SCHYE: I cannot answer that.

MR. ENKERUD: The study began in 1959 - the original study. The one in now is a modified study on inflationary update along with the environmental requirements.

SEN. AKLESTAD: Have you talked to the Canadians?

MR. ENKERUD: Through Dr. McKenzie. It would be more money funded to work with it.

SEN. AKLESTAD: Maybe no direct study but they have been working together with the Canadians on this for years?

MR. ENKERUD: No detailed study.

SEN. HIMSL: There is a problem with the way this bill came in. You had asked for \$100,000 and are you really serious to cut it down to \$500 for a study? This sort of offends the sense of judgment from \$50,000 to \$500 for a study.

REP. SCHYE: The purpose was to keep it alive and if money comes in then it could be channeled in. The \$1,000 would not be enough to do anything.

SEN. DOVER: What bills are you talking about?

REP. SCHYE: A couple in the Senate. A couple RIT bills and it depends on whether they go or not. That will depend on available money.

SEN. ETCHART: It depends on what projects are funded.

SEN. AKLESTAD: Page 2, line 2 and 3 - are you trying to cover all bases so if no funding in one then you might get it in another, or what?

SEN. ETCHART: This is for the portion for the DNRC. Their portion to work with the Bureau of Reclamation and the reclamation district and track along. We need all three to operate in.

SEN. AKLESTAD: Mr. Berry, on your priorities list - wasn't it on it or did it fall through the cracks?

MR. BERRY: This project was not reviewed by us. The bill refers to the RIT funding process. \$60,000 currently unallocated. There will be a bill here in a few minutes for \$48,000. We are starting to run into conflicts. If allocated, there should be some priority as to which bill comes first.

SEN. HIMSL: It strikes me as strange with the impact that has to be sent to you for review.

MR. BERRY: We had a cut off date and many of these projects came in after their cut off date.

SEN. ETCHART: DNRC has been coordinating with the Bureau of Reclamation and there was a study that came out of that but it was not available until November and it was about the time the irrigation projects decided to go on this project. We were concerned that the Joint Application might in fact gain control of this power plant. We did not have the information to go through the formal DNR review.

SEN. HIMSL: What is the status of the bill with the squabble with the

Legislature?

SEN. ETCHART: That is on the desk of the governor.

SEN. HIMSL: It was directed to this?

SEN. ETCHART: Mostly, yes.

SEN. SMITH: Automatic water development of 30%. Any revenue in this that should be used for these projects?

MR. BERRY: HB 897 will be heard next and basically explains all the water. \$1 million not spent was allocated to fund the water courts and \$600,000 was supplanted again with water development money. The list is expanded in 897.

SEN. VAN VALKENBURG: The application has already been made for the license? You expect in anticipation the course of pursuing it you will need at least \$100,000 to pursue it?

SEN. ETCHART: The irrigators have assessed themselves and raised about \$50,000. The licensing is going to be fairly expensive. Before the application and the application is granted, it would be a lot of money. This would ease the burden in getting the license application in. We are competing with others - Liberty & Chester.

Rep. Schye said he did not need time for closing further and Sen. Himsl announced the hearing closed on HB 745.

CONSIDERATION OF HOUSE BILL NO. 897: Sen. Ochsner said he would present the bill for Rep. Neuman, sponsor. He said DNR would give the most of the testimony for the bill, but he would like to mention that the water development and renewable development programs - DNRC reviewed 140 applications amounting to about \$27 million and had about \$2 million available. These projects were reviewed and rated on a point system.

LEO BERRY, Director, DNRC, said this program was set up last time. The bill before you contains both water development program and renewable resource development programs. The way the bill was set up, if funding under one program you cannot be funded under another. The first portion is the water development. Before that, \$425,000 available to line 10, page 11 of the bill. On page 12, line 14 is the categories. \$157,000 in that category.

Mr. Berry turned in the listings on RIT, Water Development Account and RRD funds earlier, attachment 1, HB 897 and his testimony, Exhibit 2, HB 897 is also attached. He went through the bill and explained the cut offs of one project, etc.

SEN. HIMSL: What is the relationship between a number that was also on the LRB? (Long Range Building Committee). Are they coming from two different directions?

directions?

MR. BERRY: Long Range Building uses this account to fund that project. There is no double dipping or making two bills with the same funds for the same projects,

SEN. HIMSL: In the total on page 12 of Agricultural Improvements, you are not including Fish, Wildlife and Parks in that \$175,000?

MR. BERRY: Yes.

SEN. HIMSL: Then Valley County Leafy Spurge Account would have more money to do that, wouldn't they?

MR. BERRY: About \$8,000 State. They had \$50,000 and \$65,000.

SEN. HIMSL: I thought it was out.

MR. BERRY: They are identifying these funds. It is included in here.

SEN. SMITH: Going back to page 6, after the Culbertson Water System, I have an amendment to be made by Sen. Ochsner. You would strike from line 6, the list on page 6?

MR. BERRY: No. We would advise these projects be listed in the bill. If revenue projections are wrong we would be able to move down in the bill and then go on through on page 7 and those as you go down the list, would be more. You would go on down the list depending only if the funding became available through additional income due to under-estimating revenue. The RRD fund is broken down into different categories. We will be able to fund the first one there. Then you skip to line 22 and see the list of categories.

SEN. VAN VALKENBURG: On these loans made, what rate of interest is to be paid in paying back the loans?

MR. BERRY: Whatever we sell the bonds for.

SEN. STORY: On page 10, line 20, the Riparian Protection Program.

MR. BERRY: Identify areas where stream banks can be repaired and stabilized with help of the landowner.

SEN. STORY: You will do it and in what part of Montana?

MR. BERRY: This is designed as a pilot program to see if it is worthwhile. It would be basically handled through the Great Falls district.

SEN. AKLESTAD: It seems like the DNR has top priority all the time. Who makes the determination on the projects?

MR. BERRY: The Department analyzed them. We have taken all the criteria the Legislature has taken up. The Legislature took a

priority and we went through them and they have a point system and we based them all on a point system as to what we felt they deserved. Then with two legislators on a committee we went through them and that is the blue book and the orange book. (If copies are available, they will be attached to the minutes.) Mr. Berry read a list of projects under the Renewable Resource Development funds (RRD). He said there was \$1,050,000 in RRD funds.

There were no further proponents, no opponents, and Sen. Himsl asked if there were questions from the committee.

SEN. HIMSL: Are you proposing an amendment to this?

SEN. DOVER: In working on water courts - \$1,017,000 was proposed. That is all right?

MR. BARRY: That basically came out of the water development program and that is why we stopped where we did. In addition, \$600,000 to supplant general funds in the Department.

SEN. MANNING: I appeared before you a couple days ago and proposed an amendment written by Roger Tippy. He called me last night and said he had consulted downstairs and that the proposal place for the amendment would be in 897. I will be talking to you now as briefly as possible. We have made many studies and the University system has carried out a dozen or more studies. I was the author of two bills that put this water fever in motion. I have been working for three years on the big picture. What we do for Montana now is the big picture. Now the big picture is to store it or lose it. The \$350,000 that was appropriated last year to the DNRC was quite well done. It tied much to the past, of course, not to the new concept. The mistakes and the formulations and criteria we used. I circulated an amendment two years ago and again this year I circulated a letter asking for \$250,000 to study bringing into the picture the storage of water. The first demonstration would be made as one project showing what could be done. 53% during flood alone that we lose.

SEN. HIMSL: What would the actual use of the \$100,000 be now? We have the study made. They have identified one of the projects. What would they use this \$100,000 for now?

SEN. MANNING: They would take the information we have now and put it into the data bank so that it can be used. The report will show the Yellowstone as having been searched for off stream hydro-electric sites. It has been researched, but never to a future of using it for the future water storage. This money would be used for a creative financing program. Historically, they have been the prime movers in putting together the engineering and the financing projects. We have all had some problems with the Bureau of Reclamation but we also have to admit that we would not have some of the projects if it were not for them.

SEN. HIMSL: Would it be your intent to take the \$100,000 and it be given to the DNRC to set up a financing program with the Bureau?

SEN. MANNING: They and Morrison-Maierle and myself. Congress appropriated money for some projects, Buffalo, Cedar Ridge and Sunday Creek Projects - 724 acre feet of water. This is where we go to get the in-house capabilities. We have got to go where the talent is. You have in your files a letter. I dealt with the top echelon in Washington, D.C.

SEN. HIMSL: The money would be given to the DNRC and the engineering firm and you would try to develop a financial package.

SEN. STORY: What page and line does the amendment fall on?

SEN. MANNING: On page 9, line 16. The day will come when this will be done, and the sooner we start the further ahead we will be.

SEN. STORY: You are jumping - it will be the Seeley Lake project and three more then?

SEN. HIMSL: Sen. Ochsner, does the amendment you propose deal with renewable resource funds?

SEN. OCHSNER: Yes. All the renewable we could get Sen. Manning's and still go to Culbertson if we do the amendment on page 11.

MR. BERRY: It comes in the RRD account starting on page 9, line 16. We think you could knock them down to 100 - those that were 125 but all those that are 125 before funded in the first part of the bill. The Flathead ground study has already been picked up in the front part of the bill under the water development program and so that money would be available.

SEN. HIMSL: Are you saying there is more money available in there?

MR. BERRY: We would have to do some quick checking.

SEN. HIMSL: We will take this under study later if you can review it.

SEN. REGAN: Page 4, line 23 and 24, University of Montana Flathead Ground Water Study, \$125,000 and page 9, line 17 and 18, you will find the same thing. Are they two separate things or what?

MR. BERRY: They were listed under both programs so that if not funded under the first they would be picked up under the second. If funded under the first they get picked out on page 9. If not qualified then they come under page 9.

SEN. REGAN: Anything under here that is a duplication? Getting a little here and there too?

MR. BERRY: O'Keefe, one project here if it gets cut off of the first, they will be in for a grant. If only so much left, the remainder could be picked up under an RRD grant. They would not get double the money, but a part from each. I suggest you work with the Department people here and see what you can come up with.

SEN. KEATING: The study of Bozeman, Mystic Lake repair.

SEN. STORY: They needed that.

SEN. KEATING: Wasn't that done?

SEN. BOYLAN: They discovered a very faulty foundation. The dam has been breached since then and it would do the work necessary.

BENJAMIN STOUT, Director of the Lubrecht Forest Experiment Station came in late, testified and his testimony is attached.

REP. BACHINI: House District 7, spoke in support of the budget, page 5, line 6, the South Kremlin and Gilford area for the rural water system there, and page 4, line 6, the Triangle Conservation District.

DR. CLAYTON MARLOW, Animal and Range Sciences Department, MSU, said the riparian ecosystems occupy a small portion of Montana's rangeland but the high productivity and extended green period make these areas very important to the range livestock industry. His testimony is attached to the minutes.

JEFF MITCON, Seeley Lake, said most of the people have talked about larger projects. Our lake is being polluted. The Health Department refuses us the right to do anything until we have a water-sewer master plan.

LLOYD B. BJERUM, Geraldine water, said their project is #5 in the orange book - \$1,800,000. This funding is very critical. We are also in the process of entering in with Geraldine.

ARTHUR VAN (?), Bozeman, said he would support the bill and answer any questions the committee might have.

RAY WADSWORTH, Montana Rural Water Systems Association, said one of the few bits of legislation that will get money to the smaller communities and public systems throughout the state.

MR. KELLY, Montana Water Development Association, said they support the bill.

SEN. REGAN: 3/4 million dollars in grants, \$3.7 million in loans. Issuing bonds. Does it require a 2/3 vote to get it passed the way it is drafted?

MR. BERRY: I don't believe so. When passed last time they had the issuance of \$5 million in bonds. I will check this.

Sen. Hims1 said he would close the hearing on HB 897 and recess the committee until adjournment of the Senate.

The committee reconvened at 4:51 p.m. and Sen. Hims1 said for the information of the committee, the plan is to hear HB 819 to accommodate someone that has to leave on a plane and then HB 323; leave for dinner and then be back at 7:30 p.m.

CONSIDERATION OF HOUSE BILL NO. 819: Rep. Asay, chief sponsor of HB 819 said this is a bill that we are trying to help us get together in Montana a statewide information on water information. There have been water studies on top of water studies throughout the state of Montana. It is the universities, private companies, etc. and almost of no value because it is not in the condition to be used. This asks that we establish a statewide system of water information. For any coal area water, we can go to the coal board for money. I have checked this out with the coal board. This will let the Bureau of Mines make an application to the coal board. There needs to be some hard rock money in evidence. The Department of State Lands and Mr. Gentry is here and they will have information that will be of interest to you.

ED BINGLER, Director, Mines and Geology, said the information we put together - this would allow us to maintain a ground water monitoring information center in the coal basin. The federal money has been discontinued and we will have to abandon the mines we are working on if this does not go through. The industry data accumulates about 10,000 files a year and goes into the Department of State Lands. We want to get it into a system where it can be utilized.

TIM STEARNS, Staff of Northern States Research Council, said we support the bill to take much of the information of government agencies and coal companies to put it into a more usable form so that we can make better use of it and make better decisions.

DENNIS HEMMER, Commissioner of State Lands, said we support the bill but statutorily the Federal Abandoned Mines money can probably not be used here. It can be used for abandoned mines. The federal statutes under which it is collected say it could not be used for this purpose.

KEN KELLY, Montana Water Development Association, said they support the concept of the bill. We would leave the working of the bill up to the committee. We support the bill.

There were no further proponents, and Sen. Hims1 asked if there were any opponents.

PAT WILSON, representing Thermal Energy, said they feel this was done with UNCO and the Bureau of Mines, USGE and ourselves. In regard to the contention of Northern Plains that the ground water quality is unfounded, the other problem is with the use of the abandoned mine reclamation funds. In your testimony you have the telephone number of a Mr. Ed Bonicamper. That is their staff attorney. She has suggested a legal opinion on them. Pennsylvania tried to legislate that every county receive the same amount and it was declared illegal. It would be impossible for the state to make this request and the federal government decides what it should be granted for and what

it should be used for. She handed out testimony, Exhibit 1, HB 819.

There were no further opponents and Sen. Himsl asked if the committee had questions.

SEN. SMITH: It seems like throughout the session when they run out of money in one area they go to another area and I can see where this is necessary, but all the funds we have asked to share with the state government and I don't think we should get involved in another area where we are not supposed to use the money.

SEN. HIMSL: Ms. Wilson, it rather surprised me that you have this interest in this thing. Is this a special area of interest to you?

MS. WILSON: We are proposing a coal mine in eastern Montana. Our particular study is in the ground water. We have had 70 wells drilled and are actively being monitored at our cost.

SEN. HIMSL: Former president, Groff, was interested in testing artesian wells, etc.

MS. WILSON: In order for a coal mine to receive a permit they must do extensive study on ground water.

SEN. HIMSL: The information you are furnishing - you are saying these funds could not be used for this type of work?

MS. WILSON: Some of the studies are duplicated by the Bureau of Mines. We have no problems at all, those of us who have given the interest we have and give them the data basis.

SEN. JACOBSON: If this fund is not appropriated would you have any suggestion that - do you want the bill without the funds, I guess is what I am trying to say?

MR. BINGLER: We feel this is a necessary work. We recognize it is a difficult thing to find funds. The sponsors indicated interest income would be available through RIT.

REP. ASAY: In closing, I would say that here the money referenced was on abandoned mines. We are not here asking for money. The coal board would need the authority to respond to a request by the Bureau of Mines to take care of the collection of the research data. I would like to see it worked out between the departments as far as the hard rock data. We want to know what is happening so that we will not have a lot of lawsuits on it. We are not trying to set up a big study, but rather to fund something that is ongoing and can be utilized by everyone in the industry; farmers, coal companies, government agencies, and whatever.

Sen. Himsl declared the hearing closed on HB 819.

CONSIDERATION OF HOUSE BILL NO. 23: Rep. Hal Harper, Helena, said this bill is an ad hoc cost-of-living increase for retirees of the

PERS (Public Employees Retirement System). He gave written testimony, attached as Exhibit 1, HB 23.

JOE ROBERTS, Association of Montana Retired Public Employees, said many of the people who had come earlier did sign in, but had to leave. Most of you are familiar with the concept of the bill because of its having been in the rules debate. I want to refer briefly to the fiscal note dated in January of 1983. It is not accurate at the present time. In FY '84 the increase to the State, \$173,667 and local government \$212,259 - the total instead of \$1.8 million would be \$385,926, and the benefits instead of \$6.6 million would be \$1,371,778. This bill is considerably and substantially reduced from the original form. This bill has been amended down to this modest increase. We would hope you will find your way to fund this modest amount. Some of these people who have been retired for 10 years or so are really feeling the crunch. They were not set up to go through the inflation of 10-12%. This bill attempts to try to make up a little bit for some of that. Just killing the bill and giving them nothing would be a real slap in the face at this point. The PERS does not cope with inflation very well. Once the benefits are established, they are there. That is why we have to come in.

JIM SEIHENAN, Retired public employee and past president of the Public Employees, said he would like to mention that most of the retirees belong to the state group insurance plan. It is being administered by Blue Cross. The benefits would be realized by the retirees. The increase in the biennium will be substantial. It will gobble up most of the increase of a little over \$18 a month since it is a 20-30% increase in medical premiums. On the handout on the second page (Exh. 1, Harper) 11 agencies listed as to how they would be affected moneywise. I think the 1/10 of 1% could probably be absorbed without any extension of HB 447.

JOE ROSSMAN, Teamsters' Union, said they heartily support this bill and hope the committee will give it a do pass.

SEN. JOE MAZUREK, Helena, said he is in support of the bill.

There were no further proponents, no opponents, and Sen. Himsel asked if the committee had questions on HB 23.

SEN. SMITH: You say it could be absorbed by the different agencies. The way the bill came over with \$30 million out of balance - not any more when we get through with it. Where do you suggest we get the additional revenue?

REP. HARPER: I don't understand the intricacies of state government money as you do. I know the bill we sent you had plenty of money. I wouldn't like to try to argue a case you know better than I. I am here to try to get a small amount for the retired public employees. When we sent the Ramirez resolution over we had a lot of trouble with it. You had the revenue over here and we had the bills.

JOE ROBERTS: The figures, as amending the fiscal note, were developed by Mr. Natschein.

DAVID SEIN, representing PERS, was here but had to leave; he said he too would support the bill.

SEN. HIMSL: In regard to the reference that no increase in the budgets would be necessary, as I read the figures \$3,000, \$4,000 and \$5,000 you are making an assumption they could handle that?

JOE ROBERTS: We developed the figures so that you would have some idea of it. Maybe you would have to put additional money in the budget to take care of it. That is why we tried to make the estimates so that you could be in a position to make the judgment.

SEN. KEATING: Is there anyone here representing the Association of Counties or Cities? They are aware of this change?

REP. HARPER: Those people have been aware of the bill and to my knowledge have given no testimony.

SEN. KEATING: Didn't we do this last year?

REP. HARPER: We had an interim committee and a recommendation and a last minute amendment was made at 50¢ only.

SEN. SMITH: For a lot of employees it would only change \$15 a year.

REP. HARPER: No, \$15 a month for a year.

Rep. Harper, in closing, said I know we have spent a lot of time debating some bills, and this is a program that is already in place. This will help people to stay in their homes and off welfare roles.

Sen. Himsl declared the hearing on HB 23 closed. He said we had one other bill that just came in a short time ago and we would take it next.

CONSIDERATION OF HOUSE BILL NO. 112: Rep. Driscoll, District 69, said he would like to apologize for bringing this bill in so late. We heard it in the House Administration Committee and then in the Appropriations Committee, then it got on the House floor and was killed. The LFA and the Governor's office decided that they would have them take another look at it. It depends on the kind of a disaster. In the 1983 biennium we have not spent any money unless we have a disaster before July 1. The Attorney General has ruled on costs of National Guard if called out; has to come out of this fund. Before that was 100% federally funded. Now it is 75-25 match. It appears a normal type of emergency is only 10 days. We are asking that this be doubled. It is not an appropriation, it will not be spent unless there is an emergency. We might have to come back in otherwise.

There were no proponents, no opponents, and Sen. Himsl asked if there were questions from the committee.

SEN. AKLESTAD: Since you mention that very seldom we go over the amount and since the National Guard is involved, we are not spending the money but we are tying it up.

REP. DRISCOLL: It says we are giving him the spending authority. I am confident the Governor will not call an emergency unless it is one. I don't think it is going to make any difference except it may reflect a special session to give him the authority if it did happen.

SEN. AKLESTAD: My concern is we get too big. A couple last year - we got into a problem of what was a disaster. Some of the legislators don't think it was a disaster.

REP. DRISCOLL: This in effect, anything except after declaring a disaster, it gives him the authority to spend it.

SEN. HIMSL: Do you have the figures on the last one?

REP. DRISCOLL: In 1974 it was \$155,807 which did not include the National Guard of a 75-25 share on some political subdivisions. In 1975 it was \$463,664 and in 1978 it was \$1,100,000 and a supplemental for \$152,000. The Guard pay would have brought this way up.

SEN. HIMSL: It is general fund?

REP. DRISCOLL: It does not commit the funds.

SEN. HIMSL: If he declares an emergency he is authorized to spend this amount of money. Did I understand you to say this was rejected by the House?

REP. DRISCOLL: The Appropriation Committee did not pass it out. Then I was contacted by the budget office and the Governor and we discussed it and felt it was important enough to bring it to the House and to the Senate to perhaps prevent a special session.

SEN. HIMSL: I was curious as to how we got it.

SEN. SMITH: The Governor has the right to expend beyond that and then come in for a supplemental.

REP. DRISCOLL: First a biennium appropriation. In the next biennium said two or three national emergencies and again in the fall, he could not spend this money without a special session. A special session is very costly.

SEN. HIMSL: I think it will not cost less anyway, but it will be cheaper than a special session.

Rep. Driscoll said he had no closing statement and Sen. Himsl said he would close the hearing on HB 112 and recess until 7:30 p.m.

The committee reconvened at 7:37 p.m.

Sen. Himsl said before introducing the sponsor of HB 1 he would like to have them look at the board and see seven bills we have to hear this

evening. We are in a tight time frame and I would ask for your cooperation.

CONSIDERATION OF HOUSE BILL NO. 1: Rep. John Vincent, sponsor of HB 1, said this is the implementation of section 4 of Initiative 95. This bill has had broad and enthusiastic support from representatives of both Republicans and Democrats around the state. I95 was passed with a huge plurality. The people of this state want something done and something significant done to improve the economic development in the state. To do this requires an investment. This bill has 73 sponsors. The cooperation that has come on line to develop this is amazing. People from the Legislature, Government and private business worked together over many months to put this together. This is a proposal with the government working with the business in this state. I think sometimes we have assumed that the role should be very carefully limited in a combination between business and government. 75% in a poll said they wanted people to promote business. 71% voted on I95 mandates they prioritize it very highly. One was highways and it said the government was not spending enough money on highways. (2) Job training - 44% indicated the Legislature was spending too little money on job training. (3) is economic development. 41% of the people polled felt the Legislature has not committed enough of the State's resources toward promoting economic development. Everything points to what the people want. HB 1, I am convinced, does that. It should be passed and in some ways improved in its present form. (Exhibit 1, HB 1 attached.)

SEN. HAFLEY said he would like to remove himself from the committee and stand in favor of HB 1. I honestly think each item in this bill, on its own in a bill, would make sense for helping our economy. Taking them all together and knowing it was developed by the broadest section of our economy will all stand to benefit to some degree. The bill almost stands for itself as a sound investment.

SEN. CRIPPEN, District 33, Billings, said there is a lot of bipartisan support for HB 1. I was a strong advocate against I95 and then was asked to help in the Governor's program to develop it. One thing that became apparent - the concern we have for the role of government in our business society. We all felt, as businessmen, that the government goes one way and business another and that was not the case. We are businessmen stuck with government. I think the "Build Montana Program" is a good program. That came out in our committee and I feel strongly about it. It deals with business in a positive approach. A non-regulatory approach. There are various aids to businessmen, through the University, etc. It assists with tourism and promotion, it promotes the economy and business of the state. This is not the total answer. This isn't going to bring business or agriculture or economy back to its satisfactory state by itself. It is a major thrust by Democrats and Republicans to bring the economy back.

GARY BUCHANAN, Department of Commerce, said several of us were determined to find out what backup we should try and try to make it fast. Forums contributed. Montana small business, Montana Action Development and statewide council and the Montana Transportation Advisory

Council. HB 1 is only a part of the "Build Montana Program". There is a program grant to the local government and highway funding. They have passed both houses and are now ready for the governor's signature. HB 700, 685, 871 and 733. They all make a package extremely important to us. It is the mechanism to put them into effect. Information was passed out and is attached as Exhibits, HB 1.

DAVE HUNTER, Commissioner, Department of Labor, said he would speak about the labor training money. He said this money expects to serve displaced workers - those laid off and have little possibility of returning to their jobs. Many of the federal training programs have a 50-50 match. If we are to use the training money, we need a state match to serve the people. If not, we will pick up the federal requirements for income and they have made too much money in the last eight months (before they were laid off) and we can't help them. If we can't get them back to work we will have a greater impact on unemployment. People who are working will pay the bill for those who cannot find work.

MARTIN WHITE, President, Western Energy Company, spoke for the bill. His testimony is attached.

DICK REMMINGTON, Vice President for Mountain Bell in Montana, said he would like to encourage the committee to reinstate the last 6 items on this bill. Normally, I would not be here supporting putting money into state government but I feel it is absolutely critical we support this bill to help the economy of Montana.

ED JASMIN, President of Northwestern Bank and on the Governor's Council, said we know the economic problem experienced in the state of Montana. In New Jersey they put \$20 million in new manufacturing investments there. In South Dakota, \$52 million. In Montana \$2 million. Again, we are sort of looking at luck. They are encouraging economic development. One House bill proposes \$960,000, North Dakota \$1.2 million and Washington \$3.7 million. There is a distant correlation between what we spend and what we get. I urge you put back the dollar amounts that were in House Bill 1.

MAXINE JOHNSON, Director, Economic Development and Research at U of M, said this is the most sensible program I have seen and Montana has never needed it more. The poll was conducted by the UofM to provide Montana decisionmakers with an input around the state. It is important to keep in mind very little about current economic conditions in Montana. The latest developed data we have is from 6 months or often a year old. The proposed economic and forecasting system would be used by all. This would be a joint project with the three universities; MSU UofM and Tech. Montana decision makers need this to help build Montana and make a sound business investment.

DAVE GOSS, Billings Chamber of Commerce, testimony attached. He said he would urge the committee to reinstate the original funding in HB 1.

MIKE FITZGERALD, President of Montana Trade Commission, spoke for the bill. His testimony is attached.

JO BRUNNER, Women Involved in Farm Economics (WIFE), spoke in favor of the bill and her testimony is attached.

MR. YOUNG, Great Falls Chamber of Commerce, said small business, in order to grow, needs tools. The tools offered in HB 1 are the kind of tools needed for growth. Business people need the tools to do the marketing. I would urge reinstatement of the dollars. There is strong agreement for business promotion. I am not sure that anybody would suggest we spend a lot of dollars on advertising that it would work miraculously but believe that not having any image is as bad as a bad image. I think the State would be well advised to invest some of the same type of information as tourism has in their business.

JANELLE FALLAN, Montana Chamber of Commerce, said she would speak of tourism and also economic forecasting. I would urge your support.

DON REEVE, MII Center Involved in the Development of Montana Produce in Montana, spoke for the bill.

STEVE BROWN, individual, said he supported the bill.

GENE MARCEEL, Polson, said he was working with 30 small businesses in Montana and would urge support of the bill.

CAROL DALY, President of Montana Development Program, said we need the bill and would urge the support of the committee.

ED BINGLER, Montana Tech, said they support the bill.

JUDY TILLMAN, Butte-Silver Bow Government, said they support the bill.

JOHN HUGHES, Planning Director of Livingston, said the "Build Montana Program" will provide us with work at the local level with the tools. He said this was not only a build Montana program, but also a "sell Montana program" and would urge reinstatement of the forecasting program and the rest of the program including the money that was taken out.

There were no further proponents, no opponents, and the chairman asked if there were questions from the committee.

SEN. DOVER: Gary (Buchanan), you already have some funding in HB 447 on some of these. All they funded - is that a development test or what?

MR. BUCHANAN: When we first presented the program some were at one level and some expanded it.

SEN. HAFHEY: The 1% or 3/10% - do they refer to base and grant level? The thrust - you have a base level and you are still talking about less than 1%.

SEN. DOVER: I keep hearing a Build Montana and attract business.

MR. BUCHANAN: The majority of these programs is to help existing business. To survive, start up and expand. The attraction of outside business is the war between states. I don't think it would do much good to put too much money in there. The brunt of these programs is not an out-of-state business, but helping local businesses survive.

Rep. Vincent, in closing, said Sen. Dover, there are a couple of provisions in the bill funding a government council on economic development and Montana Development Board. In some way, between those, the Department has something to say relative to the effect directed by some of these programs. It would make for more citizen and Legislative control. The business community has come to us and said this bill helps them and it will help the people in the state too. Programs like HB 1 will not pass in other states to enhance economic development.

Sen. Himsel declared the hearing on HB 1 closed.

CONSIDERATION OF HOUSE BILL 820: Rep. Tom Asay said this is an act to provide loans for airport improvement projects: the money collected in Montana through fuel, freight, etc. It requires a 10% match from participating states. If not, it will revert to other states. There is provided in Long Range Building about \$1,300,000. That will be the bonding authority to provide these airports around the state to qualify to participate in these funds. It is a one biennium program. The money from this bonding will be repaid to the state of Montana. The interest will be as low as possible.

MR. BUCHANAN, Director of Department of Commerce, said they support this bill and airport improvements throughout the state show they need improvements and this is money that would not only keep up the airports. You are dealing with the bonding program in another bill.

There were no further proponents, no opponents and Sen. Himsel asked if there were questions on the bill.

SEN. REGAN: I don't know how to address it in a delicate manner. Mr. Buchanan tried to allude to it. There is another bill in the Senate Taxation Committee and I guess what I am trying to determine - this provides for some kind of a borrowing mechanism but the other bill provides tax money up front. We could attract more money.

MR. BUCHANAN: I am a little off balance here. I didn't know that 820 was coming up. There is a bill coming up in Taxation for 1 cent per gallon. It would not raise sufficient funds to match the \$14 million in this biennium. A current airport program that it could help is the summer airports that are not eligible for the other programs.

SEN. DOVER: I don't have any more. This one has to have a match. 10%--\$1.3 million--a 1-10 match here and a bonding program.

SEN. REGAN: A bonding program would require a 2/3 vote on the floor. Is that correct?

SEN. HIMSL: In Long Range Building we voted \$1.3 million that matches the state's share to develop a grant from the government of over \$13 million. This is a proposal. It is the mechanism to develop something else. It is a one-shot program. We put in \$1 million and the Feds put in \$13 million, but if developing a fancy program and take this money and start loaning it to the different airports to get a little on it - that is a different program. This is a structure to work out a legislative program to replenish the fund so that they could match more down the line.

SEN. REGAN: The money has already been appropriated to underwrite the bonds. Paying this authorizes the Department to carry the loan program into it. I want to have it up front. How does the tax bill in Taxation, that would require a 1 cent per gallon on air fuel, relate to this?

REP. ASAY: This money is available for other purposes almost entirely for routine work. HB 820 merely sets up an account to handle the bonding program.

MR. BUCHANAN: For years the Division of Aeronautics has had a loan program paid for by air fuel tax. A deficit has come up. The government has recommended a 1 cent fuel tax. It is a separate bill. It is not related to this program which matches federal funds.

SEN. REGAN: I am trying to put the two bills together. Why obligate the State to a bonding program? You are saying the two things are entirely separate.

SEN. HIMSL: There is no building in this at all. The source of this money is the Long Range Building. It is authorized and is available. That money matches the federal money. They want to, say, instead of giving it, loan it.

MR. BUCHANAN: Some of these aviation people come to us and they say out-right grants. There is some concern about the sponsors and the administration. They said, what about loans? The big switch was from a grant to a loan program.

Rep. Asay closed by saying irregardless of funding we have to match that program. Rural people will repay the money and we will have jobs and airports.

Sen. Himsl announced the hearing closed on HB 820.

CONSIDERATION OF HOUSE BILL NO. 407: Rep. Jan Brown, District 32, Helena, said 407 would provide a \$25,000 appropriation for a coordinator to set up a statewide network of food banks. In the interest of time I will let other interested people give short testimony. Information sheet attached.

JULIE HINTZ: There is \$82,000 worth of food in Bozeman. We collect edible but non-salable food from stores. For every \$2 spent on this bill \$12.72 would be generated. This will also help everybody to get

into the National Food Bank, and also the transportation system to get food into Montana from the National.

SUSAN COLLHERD, gives technical assistance to get Montana into the food bank system. Flathead, Missoula, Kalispell are all candidates. We glean from various grocery stores and even crops that are available. The 13 distribution points are all volunteer. The other portion the food banks have is through the distribution of commodities. Food Banks will keep a consistent supply in the community.

JUDY CARLSON, Deputy Director of SRS said the State agency in SRS would be happy to administer this. It is an important effort to help feed the hungry.

There were no further proponents, no opponents, and Sen. Himsl asked if there were questions from the committee.

SEN. AKLESTAD: How do you figure on distribution of these products? The purpose of the bill is to fund the coordinator. They could address the actual distribution?

JULIE HINTZ: What will happen is to tap into the distribution districts and tapping into them will use the warehouses.

SEN. AKLESTAD: It doesn't directly relate to this but set up a person to set it up? A volunteer could do this, couldn't they, Judy?

JUDY CARLSON: I apologize; I did not hear your question.

SEN. AKLESTAD: We had another bill a few days ago to distribute commodities and cheese, etc. We heard that they could distribute these commodities. They want directors now to say you have them?

JUDY CARLSON: In any distribution center it does take someone and the money to coordinate it.

SEN. AKLESTAD: Will SRS set up with a non-profit organization?

JUDY CARLSON: We do not have it. Our intent would be to share or buy a facility for a warehouse. We would share with State warehouses that are being listed or non-profit ones. This particular bill is to get everybody together and coordinate efforts; Salvation Army, church groups, HRDC, etc. to get it done.

SEN. HIMSL: On the \$25,000. Will it go to your office?

JUDY CARLSON: About the way it is written. You would hire a coordinator.

SEN. HIMSL: The coordinator would go around the state and set it up?

JUDY CARLSON: He would coordinate the efforts of all the groups that are working on this.

SEN. HIMSL: I have some concern that \$25,000 would not pay one person's salary and transportation.

JUDY CARLSON: This would give basic support to a volunteer effort.

SEN. HIMSL: The bill proposes not more than one FTE employed and an effective date and a termination date.

REP. BROWN: The amendment in the House to make it a one year program and stipulated not to come back and say they want to do it again. A one shot effort and they have to set up 10 food banks.

SEN. KEATING: Where would the 10 food banks be?

REP. BROWN: On the information handed out, they were listed.

SEN. HAMMOND: How are they arranged at these places?

REP. BROWN: I believe some areas are already trying to start.

JULIE HINTZ: We have had replies to a lot of requests from the major towns and the towns in the out-lying areas. We want to be able to serve the rural population, also.

SEN. TVEIT: You made the request from the towns?

SUSAN COLLHERD: A variety; towns, churches, civic groups, etc. In Butte it was out of the Safeway Store. There were so many asking Safeway to donate and they wanted someone to donate too in one place rather than a lot of them.

SEN. HAMMOND: What do you mean by edible but non-salable food?

SUSAN COLLHERD: Dated items such as day old bread, milk, etc. Items are rotated off the shelves that aren't selling. They are also getting involved in Polson. Milk is stamped to take off the shelf. If frozen right away it can still be used but over a longer period of time.

Rep. Brown, in closing, said I have worked as a volunteer in Helena on a lot of projects. We have tried to get a food bank started here. There is just no one to do it. The idea is to tie together the volunteer food bank. An example of just one thing - upstairs here the other day there were 45 sandwiches left over. The Salvation Army was closed and they gave them to a church group because I gave them the name of one. They had contacted me since they knew I worked with the volunteer food programs.

Sen. Himsl announced the hearing was closed on HB 407.

Sen. Himsl said two of the bills, HB 446 and 903 would not be heard now since both sponsors were gone.

CONSIDERATION OF HOUSE BILL NO. 876: Rep. Jacobson, District 1, said this bill is an attempt by five counties to get a ground water study of the old Missouri River channel and would be administered by the

Sheridan County Conservation District. There is a tremendous reservoir under there. They would like to map it. There is a lot of bad water in the area and if they could get water and it is good water. it has the potential for irrigation and household water. I believe the amendment that will be offered is a good one.

STEVE MEYER, Montana Association of Conservation Districts, said this would put the money back to where it was originally. I would suggest setting it up as a priority.

SEN. SMITH: I would speak in favor of the bill. I am also a sponsor of the bill. This would make some correlation between HB 876 and 885. The oil drillers in the area have almost always encountered water in the shot holes. Now they will plug the holes. Before, it used to intermix and everybody had different water. Over \$2 million comes from those six oil producing counties in the bill.

JO BRUNNER, WIFE, said they support the bill.

KEN KELLY, Water Development Association, said they support the bill.

SEN. TVEIT: In our county we do have the support for the bill.

SEN. ETCHART: I would also speak as a proponent of the bill.

There were no further proponents, no opponents, and Sen. Hims1 asked if there were questions from the committee.

SEN. REGAN: I looked at the amendment and read the last part and I know we have had other bills like it. How do you determine it? In essence, the bill is dead because the money is not here. I don't ask this facetiously but you asked before where to get the money and I agree. Is the bill, without the money, worth anything? The other thing is, is there any money really left that could be appropriated?

REP. JACOBSON: No.

SEN. REGAN: Is the bill worth anything without the money?

REP. JACOBSON: The Ft. Peck Indian tribes are willing to gather together some money to be in on it. It will probably take two years to get it started. They have to drill holes. If any money becomes available the projects could be started.

SEN. REGAN: Because of the interest in the Ft. Peck Indian Reservation might there be federal funds we could tap into this to provide money?

SEN. SMITH: It kind of hinges on whether we could get some money from RRD funds. They have promised if we can get it started they will make a contribution because it affects them and their projects as well.

SEN. REGAN: Would the U.S. Fish and Wildlife give any help here?

REP. JACOBSON: The Indian tribes between \$50-60,000; the Fish and

Wildlife about \$10,000 - nobody can predict on the RIT funds. They are about \$9,000 overdrawn.

SEN. REGAN: What you are looking at in this bill is something in the vicinity of the others?

REP. JACOBSON: Something in the vicinity of \$350,000 - a one time shot.

SEN. SMITH: Six counties and a lot of information put in. They want to make sure that they do it right.

SEN. DOVER: When we were considering these funds today, I thought all this was listed. They used up the money. Where does the tribe out there begin to pay on something like this?

SEN. SMITH: That is the 30% we are using in the other bills and we can't touch that.

SEN. STORY: There is a bill that will give you \$5 million and you might get DNRC and State Lands to take their \$3 million out of RIT. HB 920. The state lottery - there is \$10 million in that bill. It needs a 2/3 vote to call it back from the House. This is my favorite kind of bill. You can all add to it and not spend anything.

SEN. JACOBSON: If in fact, we do pass some of these bills, who is going to prioritize them?

SEN. HIMSL: These don't come under it.

SEN. JACOBSON: If we pass more than one bill you will have to make a decision on who will prioritize them.

Rep. Jacobson, in closing, said we all realize the straits of the RIT monies and the bill. We need the authority to go ahead. We don't need the money for some time and if some money shows up later on it would be nice to keep the bill alive.

SEN. DOVER: If we do this and it dangles, do they ordinarily tie it to the end of the biennium or will they still be alive and sitting there with it? How about the next biennium? There is no sunset on it.

SEN. OCHSNER: I was going to try to carry through with it; put in an application for this and that would be better than carrying it through.

Sen. Himsl declared the hearing on HB 876 closed.

CONSIDERATION OF HOUSE BILL NO. 885: Rep. Jaconson, chief sponsor of the bill, said he had an amendment from Sen. Kolstad on this bill. There are several projects here and we put them in as a group. He handed in testimony on HB 885, attached as Exhibit 1, HB 885.

Rep. Keyser, District 81, Madison, said on the back of the second sheet was the City of Ennis Sewage Treatment and the information was listed

there. Page 12, line 19 through line 2 on the next page, I would like to have reinstated in the bill. He said this one was stricken, and the other one, the East Bench Gravity Irrigation Project had the approval of the DNRC in previous years. The grant was carried over. Ennis is very necessary in the bill. They have exceeded the acceptable discharge levels since 1976. The Department of Health has advised no additional sewer systems in place. I also support Sen. Lane's amendment to put Three Forks in again.

SEN. LANE: I would like to remove myself from the committee to testify for this bill. I really don't know how we were eliminated from the bill. Perhaps Mr. Berry can explain that. I have an amendment to put this back in.

LEO BERRY, Department of Natural Resources, said it was his understanding that the reason the projects were eliminated was because they had not undergone a review by the Department and the House members felt that until such time as a review had been made they would not put it in. The bill must receive a 2/3 vote. In order to do that they felt the projects that had been on review would have more chance and they struck these. (He read the section on bonding.) What we anticipate happening is they will request, from the DNRC, that the projects meet the criteria. We did not recommend taking them out. We cannot tell you if they meet the criteria. They would have to be reviewed before any bonds could be sold.

REP. BENGTON: I would speak to the Huntley Irrigation District. It is for \$180,000. They did not qualify for the other money and were at the cutoff point on the other one. This does need a 2/3 vote the first time SB 409 has been put to the test. We have to have faith that these things will work. Even though the Huntley Project is not a very large part, it is worthy. People from my irrigation district were here this morning and they would have spoken to the bill.

DOUG DANIELS, City Engineer for Three Forks, Manhattan and Belgrade, said he was speaking for them and would ask you to support Sen. Lane's amendment. There must have been some concern in the committee that there had not been adequate study done on the projects. I have a study of the city of Three Forks; the same items as requested in their projects. They have since requested to make a test having to do with an arsenic problem and to have a report by January, 1984. Also, to update the sewage facilities for the town of Manhattan. It is a one time request. These projects have been studied and I would ask your support of the projects.

REP. THOFT, District 92, said he would also give support of the Three Mile Irrigation Project. He said this is a \$3.6 million project. The people will receive a 50% cost-share. They are requesting a loan for \$1.8 million to complete the project. It would amend page 6, line 5 to reinsert the maximum amount, etc. I am particularly interested in the cost of the irrigation system that is a line above the dam. I am a director on the project and irrigate from it. It will raise the water and flood out three pumps we have that pump up on the bench. They estimate about \$140,000 to raise the pumps. That is the reason

for the amendment; to make sure we will protect them and also some other private ones that have been placed up there.

KEN KELLY, Montana Water Development Association, said he supports the bill and Rep. Bachini has asked your support also.

SEN. SMITH: You will note there are two projects in my Senate District. Unfortunately, legislation of this type comes in late in the committee. One thing about the bill after it was amended, in the area of interest rates. Page 3, line 16 and 18 - in one place it is combined and in another place it is at 6% and one at 5%. They are both together and one ties into the other. I would hope that being these two projects are related, this is an investment in Montana and I can't see why there should be a 3% and a 6 1/2% on the various projects. I would like to ask Mr. Berry a question. Mr. Berry, what was the reason they set the interest rate at 3% to 6 1/2% on the various projects?

MR. BERRY: It depended on the situation. I was not totally in favor of using two arrangements in the rates. The Roosevelt at 6 1/2% for the reason, as far as I know, that the cost analyzed on the 140 acres that will benefit. They are currently holding water at about \$100 a month. The House figured this out and at 6 1/2% they would be paying about \$85 a month. That would be getting a better project, a better supply and saving \$15 a month. Culbertson - \$10.50 a month. If you raised them to 5% they would be paying about \$20 a month or about double what they are paying now.

RON NUE, East Bench Gravity Company, said they are concerned to convert to a gravity flow system. It would release a lot of power for other things. We would like to ask for your support.

GERALD VANDENACRE, Pondera County Canal & Reservoir Company, said they had \$550,000 loan request for a \$1.8 million project. The reason for our needs are obvious. We carry water 35 miles from sufficient sources down Birch Creek and out. The project was created between 1909 and 1918. He showed some pictures and said the committee could see from them that it is the lifeline of the town water system, as well as irrigation and stock water. The lifeline was put in at the same time. We have been replacing a structure at a time, but feel it must be done or it will be a real danger to the community.

REP. MELVIN UNDERDAL, cosponsor of HB 885, said to avoid repetition, he would hand his written testimony in. Attached, Exhibit 4, HB 885.

There were no further proponents and Sen. Himsel asked if there were questions from the committee.

SEN. DOVER: On page 5, you will have the final say on the projects?

MR. BERRY: The bill requires the license be held in the State of Montana. That is so that we can project the primary purpose of the project. It is primarily to lease the use to the private utilities or co-ops and they will develop the site. Why 3% on some of the projects when it will cost 6 1/2%?

MR. BERRY: This was an attempt by the House to determine what was a fair rate these projects could absorb; at the same time keep the subsidy as low as possible. Where they are looking at cost per acre of around \$26 and 6300 acres, if they get a loan, where the Legislature requested 2%, they will end up at 3%. Those water users - the agricultural users would be paying somewhere around \$33 an acre for their water where they are now paying \$6 for water and \$20 for the pumping system. That is fairly high for agriculture water. It was basically an objective decision in the House but it was on that figuring that it was all they could afford to pay.

SEN. DOVER: On the Culbertson, etc. - if this goes through, do they have the other also?

MR. BERRY: Yes. On the sheet. it has a financial analysis the Department has done. In the middle column, Residual Fund Financing, the City of Culbertson has proposed getting a \$25,000 grant, etc.

SEN. HIMSL: On page 3 of the bill - those projects listed there - how are they financed?

MR. BERRY: This is merely a list of projects.

SEN. HIMSL: How do you get in there? Every place we see the Geraldine projects. How do they get in them all?

MR. BERRY: I don't know if I can answer how they get into all the projects. They came to us and asked about the water projects. They need a loan for it. There must be a very important person over there who is alert.

SEN. REGAN: If they give you testimony because the project was not on in the committee, could they qualify under the bonding procedure but would they need a review in order to qualify to get a bond? If Sen. Lane gets his back in, then what?

MR. BERRY: Before we can proceed with bonding a project they would have to have a feasibility study and we approve the projects. The House has not reviewed the project and there is a mechanism for approval. Before the Board of Examiners could issue the bonds, the applicants and the projects would have to meet the criteria. One way to receive it is to require the DNR review it.

SEN. REGAN: That is the problem. I am looking at this too. What kind of language would have to be put in the bill? What would we have to insert in the bill to insure it be done or is it not quite playing cricket?

MR. BERRY: Before the bonds are issued, the DNRC must review it for compliance with 409 or not. If amendments are offered, it would have to be judged according to each amendment.

SEN. LANE: When we got together and drafted the bill, I did not realize

there was anything not covered in it.

MR. BERRY: I am expressing the concern of the House.

SEN. LANE: Don't you agree it would be technically sound?

MR. BERRY: Maybe the Department of Health has reviewed it and could say.

SEN. HIMSL: Is this supposed to be the complimentary bonding bill? Are we going to obligate the State to \$45 million on the bonding part and create a State debt to get the amount whether the projects certified are approved and the money loaned to them? I have some concern here. Are they going to be able to pay back and if not, what happens? Furthermore, is this part of that new obligation bond or is this a revenue bond?

MR. BERRY: This is not a general obligation bonding issue. The total is for \$55,300,000. \$45 million alone is for state hydro-electric projects. The way the bill works, and the way it was set up, the Legislature would let the name of the State, the bonding authority and the bonding ability do the water resources. There would be 15% of the interest off the permanent coal trust. That bill puts it back into the coal trust. The reason that was done - the reason the Legislature did that was in the future they maybe ought to fund some of it. The 50% we put in is for a fund that will guarantee the bonds. If revenues from the bonds are not sufficient they will be sufficient to pay them off. If we pay 6% and authorize them at 4 1/2%, that extra 1 1/2% will be paid off. The 3 1/2 million in 1984 and 4 1/2 million in 1985 will generate about \$245,000 a year. That is the way it was set up last session.

SEN. DOVER: I am surprised Sen. Manning isn't here to get his money in this bill. This is probably the bill it should be in.

SEN. HIMSL: If not 3/4 vote then there is no money in it at all. You validated the repayment loan to be sure it is solid. You have a whole number of projects dealing with this if it passes.

MR. BERRY: That gets to the discussion with Sen. Lane. We have examined them and we can recommend that they be included.

SEN. HIMSL: Ennis was in the bill?

MR. BERRY: Yes, but we had not reviewed the projects.

SEN. LANE: We all got together and made up the bill.

SEN. ETCHART: Perhaps an amendment that would state the following projects be approved by the DNRC before the final approval.

SEN. HIMSL: I am not worried about the projects. I am worried about the money.

MR. BERRY: Sen. Lane is correct; they don't have to be approved. All I am telling you is why the House took them out. In order to resolve the problem, an amendment could be prepared.

SEN. STORY: Beyond the review of the coal interest, is there the faith and credit of the State pledged or a moral obligation or what?

MR. BERRY: Before the Board of Investors would authorize the bonds there would be a contractual arrangement for them to pay it back.

SEN. STORY: The level at which you are willing to bond is set at what? What determines it? 15% of the interest, but you have not applied the entire 15% have you?

MR. BERRY: We feel more will be used to subsidize than spend. Out of \$3 1/2 million that goes into it, \$245,000 is being expended.

SEN. KEATING: Leo, what is the security of these bonds?

MR. BERRY: Basically, the flow of money going into the permanent trust and the contractual payments.

Rep. Jacobson, in closing, said these are the two plans of Eastern Roosevelt and Culbertson. I guess I would be in agreement that all these projects probably should be reviewed. The \$1 million cost of holding water and project it over our \$15 raise. The maintenance costs are not included in the \$85. We are talking about doing something with Montana water. We have several projects scattered all over the state. They are geographically spread out. In most cases they are very much needed. All the towns in eastern Montana have poor water. I would hope you would pass this bill.

Sen. Himsl declared the hearing on HB 885 closed and the committee would adjourn until 8 a.m., April 13, 1983. He said executive action would be taken all morning.


SENATOR HIMSL, Chairman

NOTE: HB 447 was prepared by the Legislative Council and the Legislative Fiscal Analyst and officially passed out of committee this day.

ROLL CALL

FINANCE AND CLAIMS COMMITTEE

48th LEGISLATIVE SESSION - - 1983

Date

4/12/83

NAME	PRESENT	ABSENT	EXCUSED
Senator Etchart, VC	✓		
Senator Dover	✓		
Senator Keating	✓		
Senator Smith	✓		
Senator Thomas	✓		
Senator Van Valkenburg	✓		
Senator Stimatz	✓		
Senator Story	✓		
Senator Ochsner	✓		
Senator Haffey	✓		
Senator Jacobson	✓		
Senator Regan	✓		
Senator Lane	✓		
Senator Aklestad	✓		
Senator Hammond	✓		
Senator Tveit	✓		
Senator Boylan	✓		
Senator Himsl, Chairman	✓		

DATE 1 E 4-12-83

COMMITTEE ON

8:00 AM

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
John Cole	TETON County	897	X	
John Andrews	Muddy Creek Project	897	X	
George A. Barnard	Shuttle Project Livingston	897	X	
B B Stout	MT Univ. Sys	897	X	
B B Stout	" " "	864	X	
Orville Gould	Dutton	897	X	
Katrina Wilson	Teton Town of Dutton	897	X	
EVAN NEVICK	Muddy Creek	897	X	
Ray McLawrence	MT Rural Water	897	X	
Barbara Cheney	DNRC	897		
F.M. Kelly	MT. Water Develop. Assn.	897	✓	
Rep. Glenn Jacobson	President & Shoshone County	897	✓	
Don Arny	Rep. Dist 50-	914	✓	
Bruce Abbe	Rep. Dist 56	897	✓	
Rep. Glenn Jacobson	Shoshone President County	334	✓	
MARK O'Keefe	DNRC	897	✓	
Marc M Spratt	Whitefish Basin Project	897	✓	
Bill Leonard	Whitefish Water & Sewer Dist.	-		
L.S. STADLER	- - - -	-		
JEFF MITCHELL	SEELEY LAKE CHAMBERLAIN	897	✓	
JIM SMITH	SEELEY LAKE WATER	897	✓	
JANET MOORE	Candon MT.	897	✓	
RAMONA M. TOW	CITY OF GLASGOW VALLEY COUNTY WATER	597	✓	
Rep. Jeff	"	"	✓	
Rep. Keith	"	"	✓	
Harry L. Regan Mayor	"	"	✓	

COMMITTEE ON

Fin + CL.

DATE

4/12/83

on Adj.

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
	Assoc Mt Ret. Pub Emp	H 23		
Edna Mary Johns	"	"	X	
WMA Morley	PERPS.	H-23	X	
Gene Marville	Polson C. L.	H. #1	X	
John Hughes	Lewistown Planning Bd.	HB. 1	X	
K. M. Kelly	Mt. Dairyman Assn	HB. 1	X	
	Mt. Water Develop. Assn	885	X	
		876	X	
		819	X	
Lowell Schellack	East Bench Irr. District	885	X	
Martin R. White	Western Energy Co.	HB 1	X	
Doug Daniels	BELGRADE/MANHATTAN/ 3 FOR 15	HB 885	X	
Tom Asay	Rep Dist 50-	919	X	
Jack Lunt	Belgrade, Mt.	HB 885	X	
Jack Lantich	East Bench granite Pip Co. - 4 main Bridges	HB 883	X	
James W. Wiegman	" " "	HB 885	X	
Ronald E. Doyle	" " " "	HB 885	X	
Richard H. Kennedy	" " " "	885	X	
Susan Kohler-Hurt	U.S. Montana Human Resources	H. B 407	X	
Howard D. Bickel	Bozeman, Mont.	HB. 23	X	
Joe Thomas	Teacher	HB. 23	X	
Joe Mazurek	Sen Dist #16	HB 23	X	
Mary Flaherty	WLF	HB 407	X	
Chris Fehmel	Rep Dist 45	HB 885	X	

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
LAUREN McKINSEY	MONTANA STATE U.	745	✓	
Bill Verwolf	City of Helena	897	✓	
Jim Stony	Mont. State U	897	✓	
Kim Paulick	Great Falls Cross County Club	897	✓	
Jim Yeagley	Great Falls Cross Country Club	897	✓	
CLAY MARLOW	MONT. STATE U.	897	✓	
THOMAS POGACNIK	Montana State U.	897	✓	
Brenda Pitchford	Joliet High School			
Bill Hoffman	Bozeman	897	✓	
Kathryn Nease	Boz. Creek Reservoir	897	✓	
John D. D. D.	" "	897	✓	
Robert Taylor	Montana State Univ	897	✓	
Larry Smith	H.D. 71	914	X	
Walt Olson	Triangle Cons. Dist	B 34	✓	
TED Dodge	Triangle Cons. Dist	334 897	✓	
Ed Bugler	MBMOR	897	✓	
Gene Marcille	Polson C.D.	897	✓	
Bob Thel	projects	897	✓	
BOB HERDING	Mr. Wood Products Assn	864	✓	
FAY Stokes	Pondus City Canal & Res	897	✓	
Bernard Vandemore	" " " "	897	✓	
Tom Meyer	MACD	897 334	✓	
Linda Lonne	Geraldine v Rural Area SS Assn	897	✓	
Bob Schaefer	Rsp. H.D. 7.	334 745 597	✓	
Bob Beckman	Rsp H.D. 7	334 897	✓	
Ken McClellan	Nat. Fish Wildlife & Parks	897	✓	

COMMITTEE ON

Fin & Cl.

DATE

4-12-83

on adj

VISITORS' REGISTER

NAME	REPRESENTING	BILL #	Check One	
			Support	Oppose
Joe Roberts	Assoc. Mt. Ret Pub Enpl	HB 23	X	
Bob Turnbull	"	"	X	
Pat Whelan	"	"	X	
Elvie E. Whelan	"	"	X	
Sam B. Kelly	"	"	X	
Mark Hopkins	"	"	X	
Jack Benson	"	"	X	
Gene M. Boyan	"	"	X	
Georgie Boudley	"	"	X	
Nathan J. Beardsley	"	"	X	
Elmer Brinkson	"	"	X	
W. J. Lemmon	Stillwater PSH	HB 23	X	
William T. Bernack	Assoc. Mt. Ret. Enpl	HB 23	X	
C C Warner	Assoc Mt Ret Pub Enpl	HB 23	X	
Cecil K. Bright	"	"	X	
Catherine G. Burke	440 N. Park	"	X	
Valerie Bryant	Park Ave. Apts	"	X	
Howard V. Bells	1640 p. main Bozeman, Mt.	"	X	
E. J. Donovan	Retired Employee	HB 23	X	
Gene J. Donovan	"	"	X	
John V. Hale	Gov. Mt Ret. Pub Enpl	"	X	
Frank Bays	Governor's Office	"	X	
Lattie Steffen	Assoc. Mount Ret Pub Enpl	"	X	
Frank J. Chaffee	✓ ✓ ✓ ✓	"	X	
James D. Schinner	✓ ✓ ✓ ✓	"	X	
Hazel Schill	"	"	X	

11

VISITORS' REGISTER

[illegible]

(Please leave open)

4-12

2:00

VISITORS' REGISTER

[illegible]

DATE _____

COMMITTEE ON _____

VISITORS' REGISTER

[illegible]

Proposed Amendments to HB 334

1. Page 2, line 9.

Strike: "\$1,000"

Insert: "the remainder of the interest in the account after any allocations made under HB 447 up to \$74,600"

2. Page 2, line 10.

Following: "administration"

Insert: "in cooperation with the Triangle Conservation District and the North East Montana Saline Seep Association"

TABLE 1
Resource Indemnity Trust - Interest Fund

	<u>1983 Biennium</u>	<u>1985 Biennium</u>
Beginning Balance	\$1,098,518	\$ (239,261)
Revenue	<u>5,704,982</u>	<u>8,815,074</u>
Total Available	\$6,803,500	\$8,575,813
Expenditures:		
DNRC	\$2,958,874	\$3,515,248
State Lands	2,464,893	2,425,585
Fish Wildlife & Parks	87,500	-0-
30% Water Development	<u>1,711,494</u>	<u>2,644,522</u>
Total Expenditures	\$7,222,761	\$8,585,355
Expected Reversion - FYE 1983:		
DNRC	\$ 120,000	
State Lands	<u>60,000</u>	
Total Reversions	<u>180,000</u>	
Net Expenditures	\$7,042,761	
Balance FYE	<u>\$ (239,261)</u> =====	<u>\$ (9,542)</u> =====

RESOURCE INDEMNITY TRUST FUND BILLS

		<u>1985 Biennium</u>
HB 824 LRB	Bannack State Park Development	\$ 500,000
HB 849 LRB	FWP - Lease of Waples Ranch Game Range	6,000
HB 724 SFC	Hard-Rock Mining Mitigation Account (30%)	2,700,978
HB 745 SFC	Milk River Basin Water Shortage Study	500
HB 745 SFC	Milk River Irrigation Districts - Grant	500
HB 108 SFC	Muddy Creek Special Water Project (5%)	1,000
HB 876 SFC	Sheridan County Irrigation District Grant	1,000
HB 334 SFC	Triangle Conservation District - Saline Seep	1,000
HB 597 SFC	Glasgow Water Project	48,800

TABLE 2
Water Development Account

	<u>1983 Biennium</u>	<u>1985 Biennium</u>
Beginning Balance	\$ -0-	\$ 745,383
Revenue	<u>2,267,941</u>	<u>4,451,522</u>
Total Available	\$2,267,941	\$5,196,905
Expenditures:		
DNRC	\$1,522,558	\$2,601,040
Water Courts	<u>-0-</u>	<u>1,017,000</u>
Total Expenditures	\$1,522,558	\$3,618,040
Balance	<u>\$ 745,383</u>	<u>\$1,578,865</u>
Additional Revenue:		
HB 897 Section 6 (RRD)		520,000
HB 897 Section 7 (RRD)		<u>251,600</u>
		\$2,350,465
		<u>=====</u>

WATER DEVELOPMENT BILLS

		<u>1985 Biennium</u>
HB 897	Projects and Activities	All Available Funds

TABLE 3
Renewable Resources Development Fund

	<u>1983 Biennium</u>	<u>1985 Biennium</u>
Beginning Balance	\$2,662,802	\$ 656,712
Revenue	<u>2,107,511</u>	<u>1,450,797</u>
Total Available	\$4,770,313	\$2,107,509
Expenditures:		
DNRC	\$4,113,601	\$ 335,518 *
HB 486 - Rangeland Resources Bill -	<u> </u>	<u>157,000</u>
Total Expenditures	\$4,113,601	\$ 492,518
Balance	\$ 656,712 =====	\$1,614,991 =====

*DNRC general operations not including grants for projects.

HB 897 - The Department of Natural Resources is requesting that all RRD revenue be utilized in the Water Development Program for grants and loans.

HB 914 - Clarks Fork of Yellowstone - 1,000

TABLE 1
Resource Indemnity Trust - Interest Fund

	<u>1983 Biennium</u>	<u>1985 Biennium</u>
Beginning Balance	\$1,098,518	\$ (239,261)
Revenue	<u>5,704,982</u>	<u>8,815,074</u>
Total Available	\$6,803,500	\$8,575,813
Expenditures:		
DNRC	\$2,958,874	\$3,515,248
State Lands	2,464,893	2,425,585
Fish Wildlife & Parks	87,500	-0-
30% Water Development	<u>1,711,494</u>	<u>2,644,522</u>
Total Expenditures	\$7,222,761	\$8,585,355
Expected Reversion - FYE 1983:		
DNRC	\$ 120,000	
State Lands	<u>60,000</u>	
Total Reversions	<u>180,000</u>	
Net Expenditures	\$7,042,761	
Balance FYE	\$ (239,261) =====	\$ (9,542) =====

RESOURCE INDEMNITY TRUST FUND BILLS

		<u>1985 Biennium</u>
HB 824 LRB	Bannack State Park Development	\$ 500,000
HB 849 LRB	FWP - Lease of Waples Ranch Game Range	6,000
HB 724 SFC	Hard-Rock Mining Mitigation Account (30%)	2,700,978
HB 745 SFC	Milk River Basin Water Shortage Study	500
HB 745 SFC	Milk River Irrigation Districts - Grant	<u>500</u>
HB 108 SFC	Muddy Creek Special Water Project (5%)	1,000
HB 876 SFC	Sheridan County Irrigation District Grant	1,000
HB 334 SFC	Triangle Conservation District - Saline Seep	1,000
HB 597 SFC	Glasgow Water Project	<u>48,800</u>

TABLE 2
Water Development Account

	<u>1983 Biennium</u>	<u>1985 Biennium</u>
Beginning Balance	\$ -0-	\$ 745,383
Revenue	<u>2,267,941</u>	<u>4,451,522</u>
Total Available	\$2,267,941	\$5,196,905
Expenditures:		
DNRC	\$1,522,558	\$2,601,040
Water Courts <i>- 30% of PIT fund -</i>	<u>-0-</u>	<u>1,017,000</u>
Total Expenditures	\$1,522,558	\$3,618,040
Balance	\$ 745,383 =====	\$1,578,865 =====
Additional Revenue:		
HB 897 Section 6 (RRD)		520,000
HB 897 Section 7 (RRD)		<u>251,600</u>
		\$2,350,465 =====

WATER DEVELOPMENT BILLS

	<u>1985 Biennium</u>
HB 897 Projects and Activities	All Available Funds

TABLE 3
Renewable Resources Development Fund

	<u>1983 Biennium</u>	<u>1985 Biennium</u>
Beginning Balance	\$2,662,802	\$ 656,712
Revenue	<u>2,107,511</u>	<u>1,450,797</u>
Total Available	\$4,770,313	\$2,107,509
Expenditures:		
DNRC	\$4,113,601	\$ 335,518 *
HB 486 - Rangeland Resources Bill -	<u> </u>	<u>157,000</u>
Total Expenditures	\$4,113,601	\$ 492,518
Balance	\$ 656,712 =====	\$1,614,991 =====

*DNRC general operations not including grants for projects.

HB 897 - The Department of Natural Resources is requesting that all RRD revenue be utilized in the Water Development Program for grants and loans.

HB 914 - Clarks Fork of Yellowstone - 1,000



HB 914
March 22, 1983

REPRESENTATIVE TOM JONES

Park County
P.O. Box 1187
Powell, Wyoming 82435

Committee:

Appropriations, Chairman

Honorable Tom Asay
State Representative
Capitol Building
Helena, Montana 59620

Dear Representative Asay:

Please let me take this opportunity to express my support for your bill, presently pending before the Montana Legislature, calling for a joint investigation of the water development potential of the Clarks Fork River.

Because of the importance of this river to both our states, I believe it would be most beneficial to us to work together to determine the best sites for development and the best methods for allocating our respective responsibilities.

As I have stated on previous occasions, I will use my position on the Management Council of the Wyoming Legislature to work with a like group from Montana to undertake this study.

I know all Montanans have the same interest in water development as we in Wyoming. As states that produce the water for much of the western United States, we must undertake to develop our resource as soon as possible. Any further delay on our parts will only work to the benefit of downstream states. I certainly am pleased to join with you in this cooperative effort between our states to work for the benefit of our people.

If I can provide you with any additional information or assistance, please do not hesitate to call or write. I look forward to working with you on this project.

Sincerely yours,

Tom Jones

441
4/12
597

CITY

COUNTY

WATER

PROJECT

CITY/COUNTY WATER PROJECT

The City of Glasgow is running out of well water and engineering studies indicate that Fort Peck Lake/Missouri River water is the only direction to go for quality water.

Valley County has limited amounts of irrigation and would like to develop new lands under irrigation to increase crop production and tax base. Our present irrigation project is on the tail end of the Vandalia Project and water quality is low, as is quantity. This project would also provide supplemental water to present irrigational land.

The 1944 Federal Flood Control Act promised 1,314,000 acres of irrigation to Montana. Today, only 47,000 have been developed. Valley County lost 590,000 acres of land to Fort Peck Lake. We have never received a supplement for our loss of this tax base; therefore, we would like the water to improve our land.

The City and County have formed a joint commission to solve the problem. The City/County Water Study Commission was formed two years ago to establish a project that would be feasible. With the completion of the loan application, the residents of the city and county, respectively, will vote whether to accept or reject the project.

The proposed method of financing the project is a Bureau of Reclamation Small Loans Project.

The following is a summary of the project to date:

CITY- COUNTY WATER PROJECT

CITY OF GLASGOW PORTION

PIPE LINE (6.2 miles, 24" pipe)	\$ 2,652,000.00
BALANCING BASIN (20 acres 18' deep)	810,000.00
SHARE OF CANAL (15.8 miles & tunnel)	<u>1,543,000.00</u>
TOTAL CITY COSTS	\$ 5,005,000.00

* This is principal only. Interest under Bureau of Reclamation
Small Projects Program would be a fixed 10% rate.

IRRIGATION PORTION

SOUTH BENCH LATERAL	\$ 1,060,000.00
RETENTION DAMS (3)	1,944,000.00
INTAKE CRIB *	1,215,000.00
TUNNEL * lake section 2000' & dry land section 4000'	11,340,000.00
HEAD SHAFT *	2,430,000.00
CONNECTION * intake crib to tunnel	810,000.00
CONTROL STATION * located at head shaft	3,240,000.00
CANAL *	5,195,000.00
VALVES & PIPE *	243,000.00
CONCRETE DROP PIPE	1,291,000.00
IMPROVE CANAL	153,000.00
RIGHT OF WAY *	635,000.00
ENVIRONMENTAL IMPACT STATEMENT *	500,000.00
CITY PORTION *	<u>(1,543,000.00)</u>
	\$28,513,000.00

$\$28,513,000 \div 65,560 \text{ acres} = \$435/\text{acre} \div 40 \text{ yr} = 10.87/\text{acre/yr}$

operation and maintenance .79

\$11.66/acre/yr

(The irrigation portion is an interest free loan over 40 years from the Bureau of Reclamation Small Projects Program.)

IRRIGATION LAND PROPOSED

	<u>ACRES</u>
A. SOUTH BENCH	38,800
B. RIVER BOTTOM (Willow Creek Siphon to Nashua)	13,900
C. AITKIN BENCH	10,560
D. NORTH SIDE OF RIVER (Upstream Glasgow)	2,300
	<hr/>
	65,560 acres

(PROVIDES BOTH NEW AND SUPPLEMENTAL WATER)

HYDROELECTRIC POWER PROPOSAL

COST TO ADD HYDRO (300 CFS, 90' head)	\$ 4,620,000.00
---------------------------------------	-----------------

HYDRO OPERATION BUDGET

REVENUE (5.8¢/KWH + \$36/KW Cap)	1,043,000.00/yr
ANNUAL REPAYMENT OF HYDRO (using 10% interest and not considering grants)	472,000.00/yr
OPERATION AND MAINTENANCE	<u>46,000.00/yr</u>
ANNUAL NET REVENUES	\$ 525,000.00/yr

40 YEAR COST OF PROJECT TO CITY-COUNTY USERS WITH HYDROELECTRIC POWER

TOTAL PROJECT COST (not including hydro or city's interest)	\$33,518,000.00
REVENUES GENERATED OVER & ABOVE OPERATIONAL COSTS AND REPAYMENT OF LOAN (40 yrs @ \$525,000)	<u>21,000,000.00</u>
PROJECTED NET COST OVER 40 YEARS	\$12,518,000.00

PROPORTIONAL COSTS

CITY COSTS	\$ 1,877,700.00
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COUNTY COSTS	10,640,300.00
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$\$10,640,300.00 \div 65,560 \text{ acres} = \$162/\text{acre} \div 40 \text{ yr} = \$4.06/\text{acre/yr}$

MONIES SPENT TO DATE ON PROJECT

CITY OF GLASGOW	\$24,820.35
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VALLEY COUNTY	20,702.22
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STATE OF MONTANA	<u>35,000.00</u>
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Total monies spent as of
February, 1983

\$80,522.57

TOTAL EXPENSE PAID OUT AS OF FEBRUARY 22, 1983

<u>COUNTY ALLOTMENTS:</u>	\$14,000.00	
	<u>15,000.00</u>	
	\$29,000.00	

EXPENDITURES:

Claim #888	Oct. 1982	maps, telephone, etc.	179.25	
Claim 2558	June 1982	Black & Veatch	10,800.00	
Claim 660	Sept 1982	Scotty Travel	664.80	
Claim 1723	Jan 1983	Connell - trip, display, etc.	378.98	
Claim 1726	Jan 1983	Juel (wage \$724 plus postage & office expense	750.82	
Claim 1727	Jan 1983	Seifert Construction (office)	995.00	
Claim 1953	Feb 1983	Black & Veatch, engineering	5,000.00	
Claim 1954	Feb 1983	Dept. of Nat. Res. (filing)	250.00	
Claim 1955	Feb 1983	IBM (typewriter)	913.38	
Claim 1956	Feb 1983	Juel (wage \$718 plus postage & office expenses)	769.99	
			<u>\$20,702.22</u>	<u>\$8,297.78</u>

<u>CITY ALLOTMENTS:</u>	\$14,500.00	
	<u>13,725.00</u>	
	\$28,225.00	

EXPENDITURES:

Black & Veatch	\$14,500.00	
Black & Veatch (Feb. 1983)	10,000.00	
Jim Rector, Salt Lake Trip	<u>320.35</u>	
	\$24,820.35	<u>\$3,404.65</u>

STATE OF MONTANA ALLOTMENT:	\$35,000.00	
EXPENDITURES: Black & Veatch, engineering	<u>\$35,000.00</u>	

TOTAL EXPENDITURES:	ENGINEERING	\$75,300.00	
	DNR FILING FEE	250.00	
	SALARY & EXPENSE	1,520.81	
	ADMINISTRATIVE	<u>3,451.76</u>	
		\$80,522.57	

TOTAL BALANCE OF FUNDS:	<u>\$11,702.43</u>
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LOAN APPLICATION PHASE BUDGET

1983

Bureau of Reclamation (filing fee)		\$ 1,000.00
Black & Veatch - Environmental assessment	\$21,000.00	
Engineering & loan application	<u>37,500.00</u>	58,500.00
Legal (Jim Rector)		2,000.00
Administrative Assistant - Salary \$4/hr & exp.	9,750.00	
Office equipment & supplies	1,000.00	
Office	<u>1,250.00</u>	12,000.00
Legislative & work DNRC - 3 Helena trips		1,500.00
Promotion - preparation of information booklet for City & County users prior to voting		2,000.00
Administrative - Travel costs for meetings		3,000.00
(3) Bureau of Reclamation (Billings)		
(2) Corps of Engineers (Omaha, Nebr.)		
TOTAL BUDGET		<u>\$80,000.00</u>

SOURCE OF FUNDING FOR BUDGET

CITY OF GLASGOW \$13,725.00 APPROVED

VALLEY COUNTY 17,475.00 APPROVED

STATE OF MONTANA 48,800.00

\$80,000.00

PROJECT SCHEDULE

MARCH 1, 1983	State approval of \$48,800 for loan application
MAY 1, 1983	Draft application for loan submitted to Bureau of Reclamation
JUNE 1, 1983	Application for loan submitted to Bureau of Reclamation
AUGUST 1, 1983	Bureau of Reclamation approves loan application
NOVEMBER 8, 1983	Vote by City and County to approve project
DECEMBER 1983	Completion of final loan application
OCTOBER 1984	Letting of bids on project
OCTOBER 1986	Water released into canal



NATIONAL WATER LINE

National Water Resources Association 955 L'Enfant Plaza, North Bldg., S.W. Washington, D.C. 20024 (202)488-0610

***The SubCom on Water and Power Resources of the House Int & Ins Aff Com marked up, on Feb. 9, a committee print of a new version of a bill to amend the turn of the century Reclamation Act. At the time of the mark up, the committee print had not yet been introduced. It officially went into the "hopper" on Feb. 10 as H.R. 5539 by Udall (AZ), Lujan (NM), Kazen (TX), Clausen (CA), Patterson (CA), Coelho (CA), Pashayan (CA), and Hansen (UT). Eight amendments were adopted during the mark-up session before the SubCom favorably reported the bill for full committee consideration. Mark up of H.R. 5539 by the Int and Ins Aff Com is scheduled for Feb. 24.

The bill that the SubCom agreed upon will not be the same bill that will emerge from the full committee. Based on statements of SubCom members at the Feb. 9 session, we can expect a dozen or more amendments to be offered for consideration on Feb. 24. This is good news because the SubCom bill is far from perfection. The Farm/Water Alliance legislative drafting committee will hold an emergency meeting in Los Angeles on Feb. 18 to draft recommended changes or amendments for consideration by members of the full committee.

***With all of the reductions in the overall FY 1983 Federal Budget, the commitment of the SecInt to water resources development was clearly evidenced in a BuRec INCREASE in FY 83 over FY 82 of \$163.6 M! Last year, the Administration requested \$742.3 M, which the Congress increased to \$762.9 M. The budget request for FY 83 is \$936.5 M! The largest chunk of the BuRec appropriation is for construction. The budget request is for \$66.5 M to continue construction on 70 projects, and preconstruction planning will be underway on two projects. The construction completed through 1982 will provide full irrigation service to 5,098,800 acres, a supplemental water supply to 5,748,200 acres, annually provide 4,037,749 acre-feet of municipal and industrial water, and 12,813,000 kilowatts of hydroelectric power. During 1983, facilities are scheduled to be completed to furnish a water supply to 30,300 acres, and facilities to furnish 100,000 kilowatts of hydroelectric power and 20,100 acre-feet of municipal and industrial water.

AFTER CONSULTATION WITH LOCAL PROJECT SPONSORS, THE ADMINISTRATION WILL REQUEST APPROPRIATION OF UP TO \$48 MILLION TO INITIATE CONSTRUCTION OF NEW WATER RESOURCE PROJECTS THAT MEET THE ADMINISTRATION'S CRITERIA FOR NON-FEDERAL FINANCING AND COST SHARING AND THAT ARE ECONOMICALLY AND ENVIRONMENTALLY SOUND.

NOTE: These funds are for both COE and BuRec projects. If you want to move your project, start your negotiations as soon as possible.

The Small Reclamation Projects Loan Program received a boost from \$22.6 M in 1982 to \$39.6 M in 1983, but this is for on-going construction; no new starts are scheduled. A boost also for General Investigations from \$30.5 M to \$36.3 M, which bodes well for future programming.

Allocation of major BuRec construction funds for FY 83 are as follows: Central Arizona Project, \$160.9 M; Central Valley Project (CA), \$59.9 M; Colorado River Basin Salinity Control Projects (AZ-CA), \$44.3 M; Klamath Project (CA-OR), \$1.9 M; Washoe Project (CA-NV), \$3.5 M; Bonneville Unit (UT), \$80 M; Chief Joseph Dam Project (WA), \$17 M; Columbia Basin Project (WA), \$50 M; Dallas Creek (CO), \$39 M; Dolores Project (CO), \$46 M; Fryingpan-Arkansas (CO), \$13 M; McGee Creek (OK), \$53 M; North Loup (NE), \$39 M.

A check of the other major bureaus and offices of the IntDept gives the following figures (in millions) for FY '83 budget request with FY '82 figures in parenthesis for ready comparison: Bureau of Land Management, \$373 (\$355); Fish and Wildlife and Parks, \$219 (\$220); Geological Survey, \$507 (\$494); Bureau of Mines, \$124 (\$146); Indian Affairs, \$849 (\$802); and WAPA, \$207 (\$210). At the Agriculture Dept., the Soil Conservation Service increases from \$310 M to \$336 M. A zero budget request for the Water Resources Council and the Office of Water Research and Technology was made. FY '83 COE budget request for the NWRA States (\$ M) is: AZ-\$12.0; CA-\$108.5; CO-\$8.5; HI-\$33.8; ID-\$12.5; KS-\$18.9; MT-\$20.7; NE-\$15.9; NV-\$0.5; NM-\$4.0; ND-\$10.1; OK-\$60.1; OR-\$110.6; SD-\$16.2; TX-\$182.2; UT-\$0.6; WA-\$86.7; WY-\$0.0.

GOLDEN JUBILEE CONVENTION. HOTEL UTAH. SALT LAKE CITY. OCTOBER 24-28. 1982

B 597
402
RE: HB-597

MARCH 23, 1983

MR. CHAIRMAN, MEMBERS

- 0 I AM MANSON BAILEY JR., EXECUTIVE DIRECTOR OF THE VALLEY COUNTY DEVELOPMENT COUNCIL, AND A MEMBER OF THE CITY-COUNTY WATER COUNCIL. TESTIFYING AS A PROPONENT FOR HB-597 WHICH WOULD, AS STATED, APPROPRIATE FUNDS FROM THE RESOURCE ENDEMNITY TRUST FUND TO ASSIST AS A PORTION OF THE FUNDING IN DRAFTING A SMALL PROJECT LOAN APPLICATION TO THE BUREAU OF RECLAMATION. THIS FOR A PROPOSED MULTIPLE USE WATER PROJECT WITH THE FORT PECK LAKE AS THE WATER SOURCE, BY GRAVITY FLOW. (TO BE COVERED IN TESTIMONY BY OTHERS.)
- 0 MY PORTION OF THE TESTIMONY WILL BE DIRECTED TO THE CITY OF GLASGOW WITH GENERAL REMARKS TO THE OVERALL PROPOSAL.
- 0 SITUATION: THE CITY OFFICIALS AND THE RESIDENTS HAVE BEEN AWARE FOR MANY YEARS OF THE RESTRICTIVE WATER SUPPLY SITUATION WHICH THEY ARE FACED WITH AND WHICH IS EVIDENCED IN THE CITY'S COMPREHENSIVE PLAN. OVER THE YEARS CONSIDERABLE FUNDS HAVE BEEN EXPENDED IN SEEKING EXPANSION OF THE PRESENT WELL SOURCES OR ALTERNATIVE SOURCES. SOME OF THESE ARE LISTED IN EXHIBIT-A OF THE COPIES OF THIS TESTIMONY WITH EXPLORATION STARTING IN 1951-52. WITH ADDITIONAL EXPLORATIONS IN 1974-75. NEITHER OF THESE REVEALED EXPANDING THE SUPPLY

AQUIFER. OTHER WATER RELATED PROJECTS ARE ALSO LISTED TO SHOW THE EFFORTS PUT FORTH IN SUPPLYING WATER FOR THE MANY NEEDS OF A MUNICIPALITY. THIS INCLUDES THE ADDITION OF A MILLION GALLON WATER STORAGE TANK IN 1979.

- * THE AQUIFER IS CONFINED TO A SMALL AREA. SEE EXHIBIT B, MAP SHOWING LOCATION OF SUPPLY WELLS WHICH CAUSES AN OVERLAPPING OF THE PUMPING CONE.
- * THE AQUIFER DRAWDOWN WAS AGGRAVATED BY THE YEARS OF DROUGHT, 1979-80-81. -LARGE EXHIBIT AT HEARING.-
- * THE CITY HAS A 3 PHASE EMERGENCY PLAN WHICH HAD TO BE IMPLEMENTED.
 1. VOLUNTARY CONSERVATION.
 2. -NO PUBLIC IRRIGATION WATERING (CITY PARKS, ECT.).
-RESIDENTIAL, HANDWATERING IRRIGATION OF LAWNS, GARDENS, AND FLOWERS.
 3. RESTRICTION ON ALL IRRIGATION WATERING. THIS HAS BEEN REACHED TWICE.

0 IRRIGATION PROPOSAL OF PROJECT.

- * WOULD GIVE SUPPLEMENTARY SUPPLY TO THE DOWN STREAM PORTION OF THE GLASGOW IRRIGATION DISTRICT WITH POSSIBLE ADDED LANDS IN THE VALLEY.
- * THE GLASGOW BENCH WOULD OPEN UP NEW LANDS TO IRRIGATION. ORIGINALLY A PART OF THE PICK-SLOAN PLAN AND NOW INCLUDED IN THE MISSOURI BASIN'S INVENTORY OF IRRIGABLE LANDS.

PAGE 3

0 THE PICK-SLOAN ORIGINAL SURVEYS IN 1938-39 FOR IRRIGATION FROM FORT PECK LAKE, WITH CONSIDERABLE ADDITIONAL WORK IN PLANNING 1944, 1967, 1978. THESE ARE NOW MORE FEASIBLE WITH SPRINKLER IRRIGATION.

THANK YOU,

MANSON BAILEY JR.

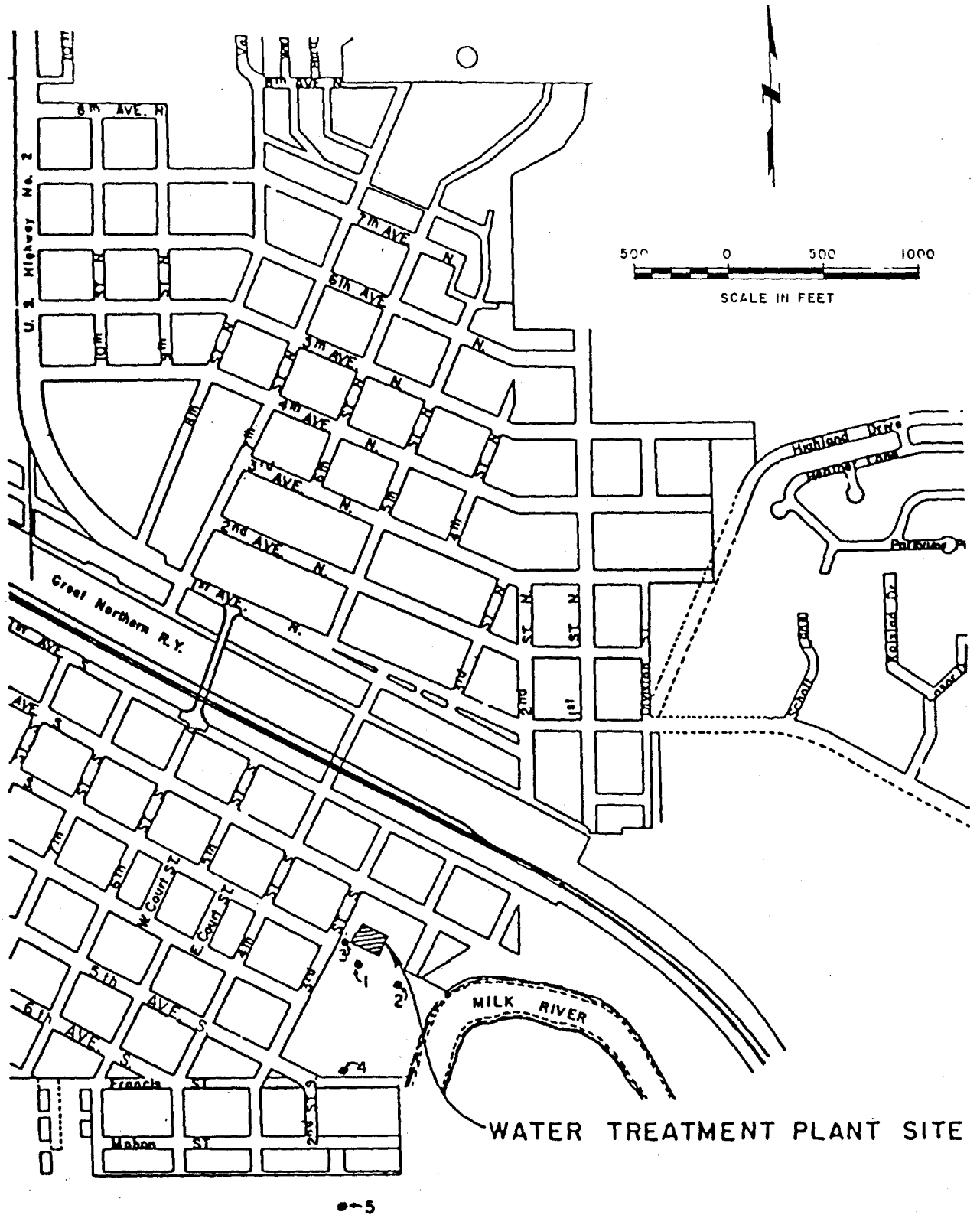
WATER WELL EXPLORATION DRILLING

1951 - Layne Minnesota Co. - Cherry Creek	Pd.	\$2,004.95
1952 - Layne Minnesota Co. - Cherry Creek	Pd.	\$1,448.05
1974 - Billmayer Inc. - Glasgow area	Pd.	\$6,320.00
Thomas, Dean & Hoskins Eng.	Pd.	\$1,351.89
1975 - Hickel & Took Drilling - Glasgow Area	Pd.	\$4,773.78
Thomas, Dean & Hoskins Eng.	Pd.	\$2,093.25

1951-52 Does not include Engineering Costs

OTHER MAJOR WATER PROJECTS

1980	Renovation of the City Water Wells 1, 2, 3 and 5 to Layne Company	\$ 21,748.04
1979	High Level Water Improvement District, One million gallon water storage, Total cost of project	\$962,537.00
1978	Renovation of Water Well #4, Layne Company	\$ 10,305.25
1978	Rebuilt filterbeds No. 1 and 2 in the Water Treatment Plant Cost of Materials (Labor not included)	\$ 15,074.00
1976	Constructed Water Well #5, pump house and transmission line	\$ 99,104.12
1981	Established new offset for abandoned No. 1 well	\$ 55,098.00
1974	Area wide water plan updating of portion of Comprehensive plan	\$ 3,900.00
1980	Thomas-Dean and Hockins study for alternative water supply	\$ 9,300.00
1981	City Portion of joint irrigation and a city water supply studies County Portion	\$ 13,725.00 \$ 14,500.00
1982-83	City portion of drafting application to Bureau of Reclamation County Portion	\$ 14,000.00 \$ 15,000.00




GLASGOW, MONTANA

CITY WELLS LOCATION MAP

HB 745
4/12/41

Irrigators seek power at Tiber dam



The irrigation districts which line the Milk River from Havre to Nashua are attempting to win the right to develop a hydroelectric project at Tiber Dam, which is located southwest of Chester.

Members of the Malta Irrigation District, attending a special meeting last Friday night, Nov. 12, voted unanimously to proceed with hiring engineers and attorneys to complete and submit a license application to the Federal Energy Regulatory Commission to develop the power project. The irrigation districts will be competing with a license request already filed by another group. The competing group is composed of a cooperative which includes the city of Chester, Liberty County and a New York based investment firm called Montana Renewable Resources.

It was the fear of an out-of-state investment group gaining control of the water flowing from Tiber Dam, as well as the possibility of being able to sell power to finance needed expansion of the irrigation system on the Milk River, that led the members of the Malta Irrigation District, the largest of the districts on the Milk River Project, to give overwhelming support to filing for the right to develop the hydroelectric project.

According to statements made at the meeting, the hydroelectric potential at Tiber Dam is perhaps the best in the region. Robert Madsen, Billings, state coordinator for the planning division of the U.S. Bureau of Reclamation, and Derwood Mercer, planning coordinator for the states of Montana and Wyoming, attended the meeting to answer any technical questions on the project that members of the irrigation district might raise. The Bureau of Reclamation was not advocating filing for the license, the audience was told, but attending in an advisory capacity.

"There is going to be a project, whether private or public or a combination," Madsen said.

The members of the Malta District were told that the commissioners of the eight irrigation districts in the Milk River Project had met in Glasgow the week before to discuss the potential of the hydroelectric development.

"We didn't realize the possibilities we had in the development of this project," Mark Etchart, a commissioner for the Glasgow Irrigation District and a state senator, said. He said that the commissioners feared that if a group which was primarily interested in generating electricity for profit controlled the project, water which is needed for the water-short Milk River valley might be used only for generating power. He characterized Montana Renewable Resources as an out-of-state investment firm whose primary concern would be "turning the turbines and making a profit," where the irrigation districts would be concerned with making a profit as well as using the water which produces the power for agriculture. Revenues generated by hydropower would be recycled to help finance irrigation projects just as the water would have a dual use, he said.

"It can have a lot to do with future financing of irrigation projects on the Milk River," Etchart predicted.

"It takes the backing of the irrigation districts to put the financing together," Etchart said.

Irrigators will risk about 50 cents per irrigated acre, or \$50,000, to hire attorneys and engineers to develop plans for the project and seek the license. The irrigators have 120 days to develop the plans and submit them to the Federal Energy Regulatory Commission, which will decide which plan merits approval. Approval will depend on which scheme will produce the most power at the least cost.

(Cont. on 2)

Bus line owner Dean Hatvig and attorney
to the rear of photo, along with local bus line
Jamson.

h voice

The drainage area of the Marias River Basin at the damsite is 4,923 miles. the average annual runoff is 682,000 acre-feet and about 80% of the runoff normally occurs between March and August.

PROPOSED PROJECT STRUCTURES

General

The proposed hydroelectric facility will have an installed capacity of 12 MW and generate an average of 75 million killo-watt-hours per year. The powerhouse will be located within the existing stilling basin of the auxiliary outlet works. Water will be conveyed downstream from the existing auxiliary outlet high-pressure gate through a pressurized steel liner installed within the auxiliary outlet works conduit. About 0.7 mile of new transmission line will be required to connect the plant with existing lines near the left abutment. A drawing depicting the general plan is attached as Figure 2.

Conveyance System

At the present time, water to the auxiliary outlet works is conveyed through the intake structure for the canal outlet works, past the control gates for the canal outlet and into a ten-foot, nine-inch diameter concrete-lined tunnel which discharges into the auxiliary outlet works stilling basin. In order to avoid admission of material which might damage the hydraulic turbines, the intake structure will be modified by replacing the existing trashracks with racks having a smaller bar spacing. No other modifications to the canal outlet works are contemplated.

The Irrigation Districts propose to install a 9.75-foot diameter, steel penstock liner within the 10.75-foot diameter auxiliary outlet works conduit downstream from the existing high-pressure gate. Installation will involve welding a rectangular-to-circular transition to the downstream side of the gate

frame. The transition will end where the existing conduit begins. At this point, the steel penstock will be grouted in place within the existing conduit. The steel liner will be designed and installed so as to prevent excessive stress or water seepage.

After the penstock leaves the existing portal of the tunnel, it will pass through the stilling basin chute where it will be encased in concrete up to the wall of the powerhouse. Inside the powerhouse, the penstock will bifurcate for each of the two turbines and end at a free-discharge valve which will discharge above the normal tailwater into the existing stilling basin. The existing tailrace for the stilling basin will serve as the tailrace for the proposed power plant.

Powerhouse Structure

The powerhouse will be fully enclosed and constructed of reinforced concrete. It will contain two 6,000 kilowatt, horizontally mounted turbine-generator units and other related equipment. The structure will cover an area of about 3,500 square feet and have a structural height of 58 feet including the existing stilling basin slab. Approximately 25 feet will be above the normal water surface in the tailrace channel. Access and parking for normal operation and maintenance will be on the right side of the powerhouse. Access for a mobile crane to remove and laydown equipment will be provided on the left side of the structure.

PROJECT OPERATION

General

The operation of the proposed Tiber Dam Project will not alter the present operation of the reservoir, which is currently operated according to the United States Bureau of Reclamation's

Standard Operating Procedures, issued September 1978. The normal maximum surface area or normal maximum surface elevation of the reservoir will not be changed by the project.

During normal operations, the power plant will be attended by an operator to insure that the power plant operation can be coordinated with the USBR's scheduled releases. The plant will be remotely monitored with provisions for emergency shut-down. Plant start-up will be local.

Power and Energy

The project's operational capacity will depend on reservoir releases and the coincident reservoir water surface elevations. As previously stated, reservoir releases will be made according to the USBR's operating procedures. The reservoir is currently operated for flood control and municipal water supply, and to provide fish and wildlife enhancement for the area. In the future, reservoir operation may be modified to accommodate the Marias-Milk Irrigation Project. In addition, the reservoir operation may eventually be affected by the development of presently contested water rights of the Blackfeet Indian Tribe. Such modifications would reduce reservoir releases available for the generation of power.

Based upon current USBR reservoir operating procedures, the estimated dependable capacity of the proposed power plant will be 5,500 KW and the estimated average annual energy production will be 75,020,000 KWh, resulting in an annual plant factor of 71.4 percent. Attached as Figure 3 and flow-duration curves for the project site.

Hydraulic Capacity

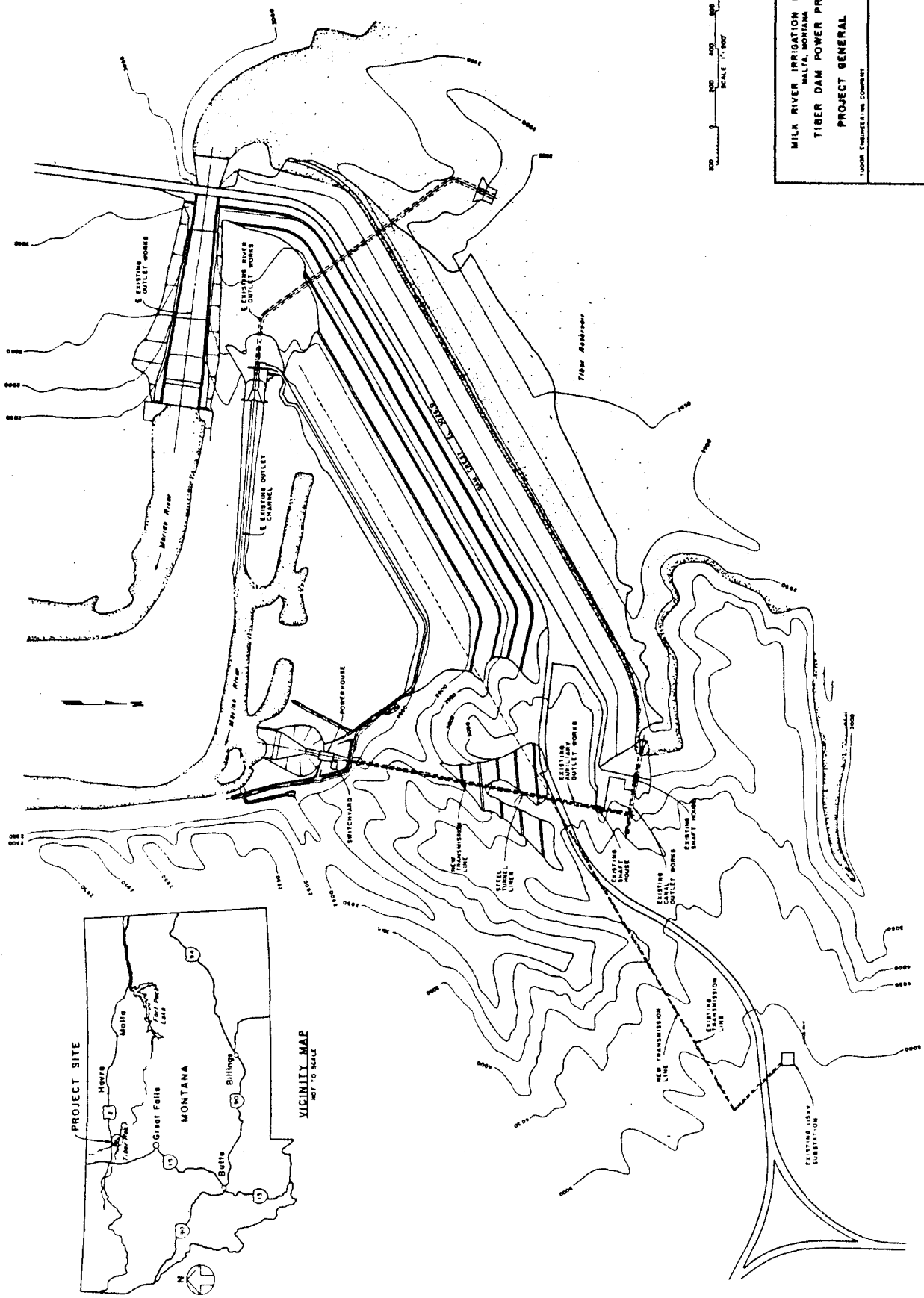
The total hydraulic capacity of the power plant (maximum flow through power plant) will be 1,156 cubic feet per second. Each

turbine will have a hydraulic capacity of 578 cubic feet per second. Reservoir releases in excess of the total plant hydraulic capacity will be released through the river outlet works or, if necessary, by opening the spillway gates.

Power Utilization

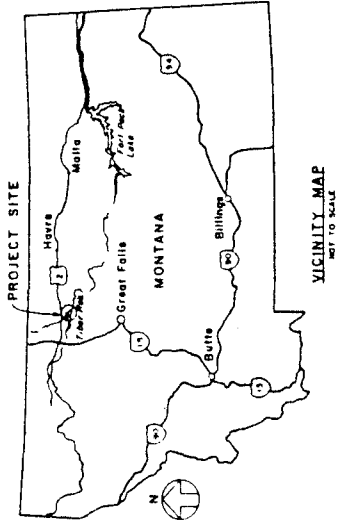
The power and load curves, shown in the attached Figure 4, illustrate the general manner in which the power generated by the Tiber Dam Power Project will be utilized. Power-duration curves for the project are shown on Figure 5. During the initial years of project operation, all of the power generated will be sold, except for an incidental amount consumed for on-site use. The Irrigation Districts believe that there are several potential power purchasers for the project power, including the investor-owned utilities, a cooperative generation and transmission company and a number of municipal entities.

Short-term environmental impacts in connection with the proposed project will be associated primarily with the construction of the powerhouse, switchyard, access road, and transmission line and are not expected to be significant. The Irrigation Districts will undertake appropriate mitigation measures in this regard. No long-term impacts on the aquatic or terrestrial populations or on the existing water quality, either in the reservoir or the Marias River, are anticipated.



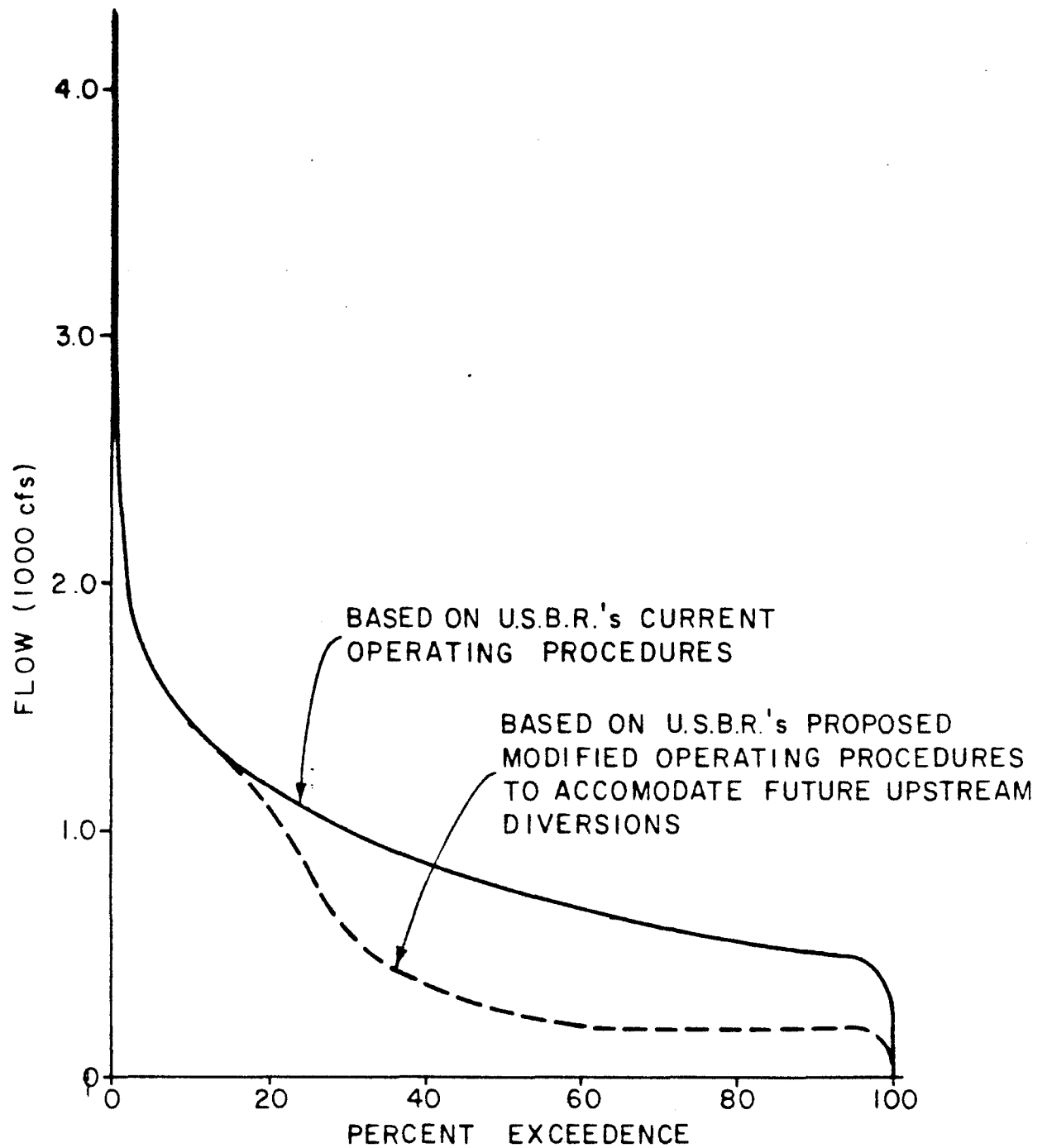
0 100 200 300 400 500 600 700 800 900
SCALE 1" = 100'

MILK RIVER IRRIGATION DISTRICTS
MILTA, MONTANA
TIBER DAM POWER PROJECT
PROJECT GENERAL PLAN
LUDON ENGINEERING COMPANY DENVER, COLORADO



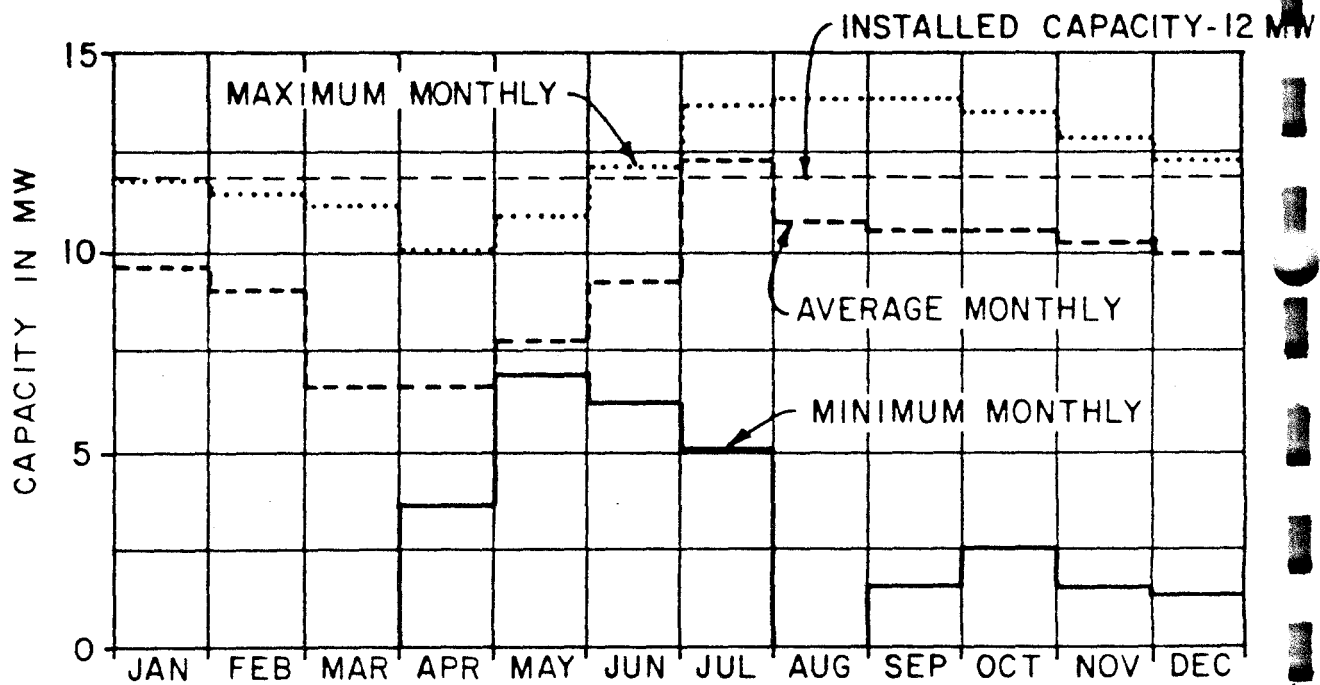
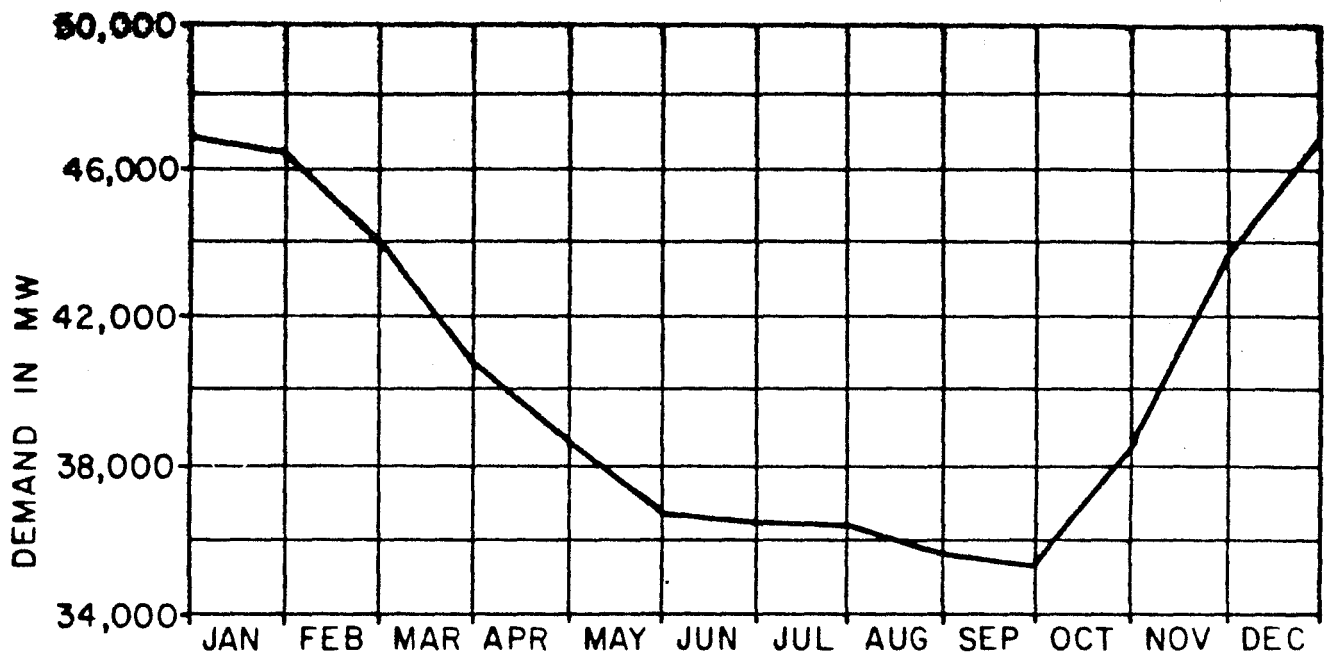
VICINITY MAP
NOT TO SCALE

FIGURE 2



TIBER DAM POWER PROJECT

FLOW - DURATION CURVES



TIBER DAM POWER PROJECT
POWER AND LOAD CURVES

Reclamation (USBR). A general area map of the project site is shown on Figure 1.

The Dam

The Tiber Dam was authorized for construction by the Flood Control Act of December 22, 1944, as part of the Pick-Sloan Missouri Basin Program. The dam was constructed during the early 1950's and has undergone modifications since that time. Major modifications to the dam over the past 15 years, have included the addition of an auxiliary outlet works through the left abutment, reconstruction of the spillway and raising the height of the dam by five feet.

Tiber Dam is a zoned earthfill dam consisting of an impervious central core, a semi-pervious intermediate zone and a pervious shell. The 3:1 upstream face is protected by a three-foot thick layer of riprap. The downstream face is sloped at 2.25:1 with a ten-foot wide berm for every 30 feet of elevation. As modified by the five foot increase in height, Tiber Dam has a 30 foot wide crest at elevation 3,026 feet, msl and is 4,526 feet long. A six-foot diameter steel-lined conduit serves as the river outlet works with its downstream invert at elevation 2,924.93 feet, msl. An earthfill dike, with crest elevation 3,026, msl, closes a low saddle beginning about one mile southwest of the right abutment. The dike is approximately 16,650 feet long and 61.3 feet high at its maximum section. The spillway, as modified, is controlled by three 38-foot high by 22-foot wide radial gates. Capacity of the concrete overflow structure is 68,470 cubic feet per second at the maximum reservoir pool elevation of 3020.2 feet msl. The spillway crest is at elevation 2,975 feet, msl.

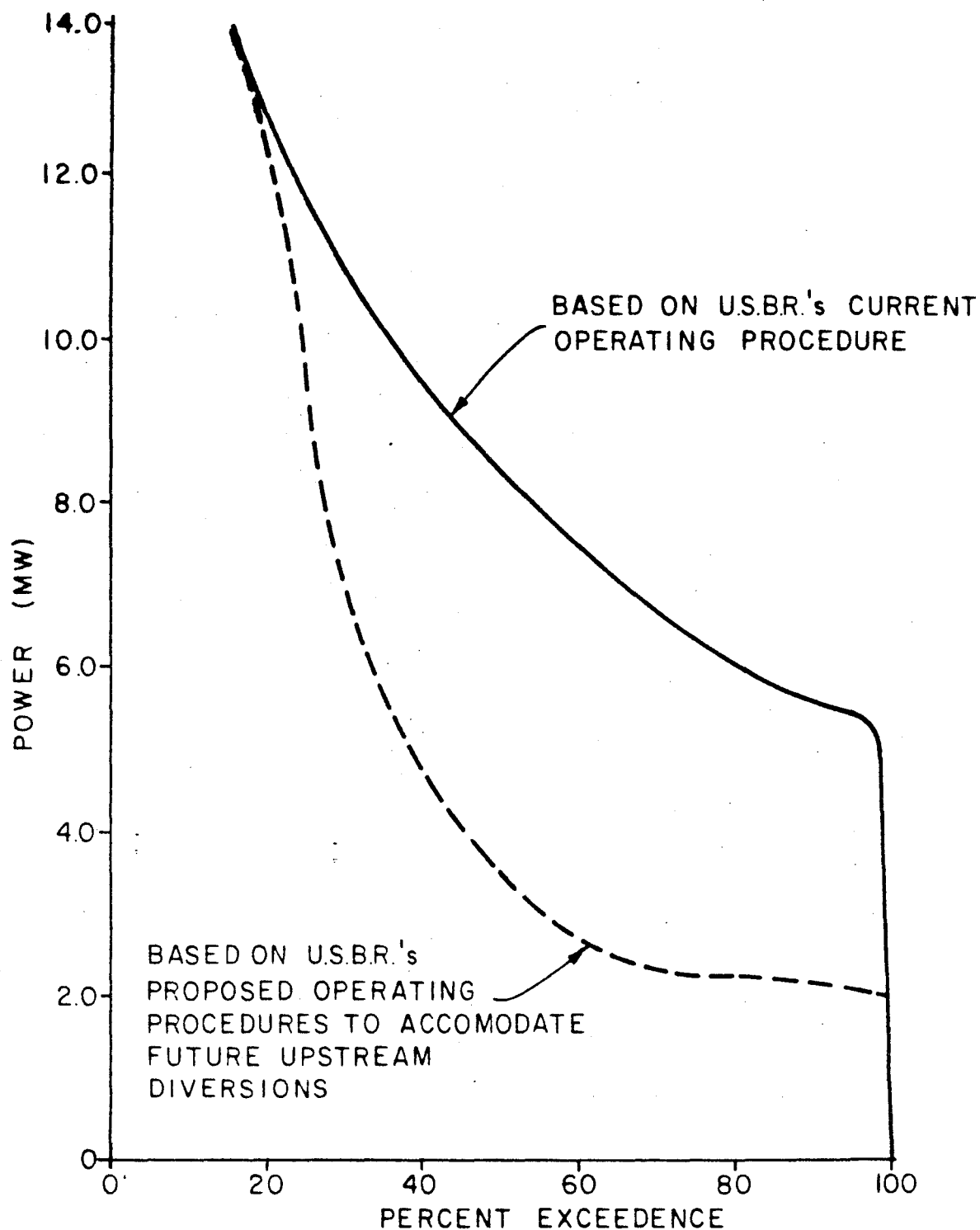
Auxiliary Outlet Works

The auxiliary outlet works was originally constructed in 1968 as a flood mitigating structure for use during the rehabilitation of the spillway. The auxiliary outlet tunnel is a 10.75 foot diameter concrete-lined structure controlled by a 7.25-foot by 9.25-foot high pressure gate located near the upstream end. Discharge is non-pressurized downstream from the gate. The gates for the canal outlet works are left permanently open. Intake is through a trashrack structure at the left abutment, and outflow is through the 1,600-foot long works discharging into a concrete hydraulic-jump stilling basin. Maximum discharge capacity is 4,240 cubic feet per second at maximum reservoir elevation 3020.2 feet, msl.

Lake Elwell

The reservoir impounded by Tiber Dam, Lake Elwell, has a maximum capacity of 1,368,158 acre-feet at elevation 3012.5 feet, msl. Water is stored along approximately twenty-five miles of the Marias River and about 21,300 acres of land are inundated by the lake at the normal maximum surface elevation of 3005.5 feet, msl. The reservoir contains sufficient dead storage to impound the entire silt load of the river for several hundred years. Storage and operating levels are as follows:

<u>Allocation</u>	<u>Elevation (feet, msl)</u>	<u>Capacity (acre-feet)</u>
Dead Storage	Streambed to 2870.0	21,582
Inactive Storage	2,870.0 to 2,966.4	556,043
Active Conservation	2,966.4 to 2,993.0	389,695
Flood Control	2,993.0 to 3,012.5	400,838
Total Storage Capacity (without surcharge)		1,368,158



TIBER DAM POWER PROJECT

POWER - DURATION CURVES

MILK RIVER IRRIGATION DISTRICTS

Box R

Malta, Montana 59538

Phone 654-1440

March 23, 1983

MR. CHAIRMAN AND OTHER MEMBERS OF THE ~~LEGISLATURE~~ COMMITTEE:

THE MILK RIVER IRRIGATION DISTRICTS WISH TO GO ON RECORD IN SUPPORT OF H. B. #745, TO PROMOTE DEVELOPMENT OF A HYDRO-ELECTRIC PLANT AT TIBER DAM. THE MILK RIVER IRRIGATION DISTRICTS REPRESENT CLOSE TO 1,000 TAX PAYING FARM UNITS UNDER THE MILK RIVER PROJECT, AND COVERS AN AREA FROM HAVRE TO NASHUA. WITH THE DEPRESSED FARM ECONOMY, THE FARMERS ARE HARD PRESSED FOR FUNDS TO GET THE PROJECT STARTED.

THE FARMERS ARE TRYING TO HELP THEMSELVES AND THIS FUNDING WOULD SUPPLY THEM WITH SUPPLEMENTAL FUNDS TO GET THIS PROJECT GOING.

TIBER DAM WAS ORIGINALLY BUILT WITH THE POTENTIAL FOR FLOOD CONTROL, IRRIGATION AND HYDRO-ELECTRIC GENERATION, AND OUR PLAN WOULD COMPLETE THE ORIGINAL DESIGN OF THE PROJECT.

WE ARE CONCERNED ABOUT THE RISING POWER COSTS AND THE CONSUMPTION OF NON-RENEWABLE RESOURCES FOR THE GENERATION OF ELECTRICITY. THEREFORE, WE PROPOSE TO BUILD AND OPERATE A HYDRO-POWER PLANT ON THE MARIAS RIVER USING A RENEWABLE RESOURCE. THE HYDRO-POWER PLANT WOULD GENERATE APPROXIMATELY 12 MEGAWATTS OF ELECTRICITY WHICH WOULD SUPPLY THE ELECTRICAL NEEDS OF APPROXIMATELY 3,000 HOUSEHOLDS, AND EFFECT AN ANNUAL FUEL SAVING EQUIVALENT TO 193,000 BARRELS OF OIL.

WE ARE A MONTANA ENTITY AND THE BENEFITS DERIVED FROM THIS WOULD BE USED TO BENEFIT MONTANA CITIZENS AND PROMOTE THE GENERAL WELFARE OF THE STATE OF MONTANA. CONSTRUCTION OF THE HYDRO-ELECTRIC PLANT WOULD GENERATE FINANCIAL BENEFITS AND MANY OTHER DIVERSIFIED BENEFITS FROM TIBER TO NASHUA.

IRRIGATION DISTRICTS ARE EXPERIENCED IN WATER RELATED PROJECTS AND ARE AWARE OF THE ENVIRONMENTAL PROBLEMS ASSOCIATED WITH WATER CONTROL. THEY HAVE BEEN OPERATING WATER PROJECTS SINCE THE EARLY 1900'S AND HAVE PROVEN THAT THEY ARE A RELIABLE ORGANIZATION IN MEETING THE NEEDS OF MONTANANS.

TWO OUT OF STATE ENTITIES ARE ALSO COMPETING FOR A PERMIT ON TIBER DAM, THEREFORE H. B. #745 WOULD BE IN THE BEST INTEREST OF THE STATE OF MONTANA.

THIS IS AN OPPORTUNE TIME FOR THE LEGISLATORS TO SUPPORT DEVELOPMENT OF MONTANA RESOURCES FOR MONTANANS, BY MONTANANS, AND WE URGE YOUR SUPPORT OF H. B. #745.

THANK YOU.

Malta Irrigation District
Box R
Malta, Montana 59538

Dodson Irrigation District
Box R
Malta, Montana 59538

Alfalfa Valley Irrigation District
84 Third Street
Chinook, Montana 59523

Fort Belknap Irrigation District
Chinook, Montana 59523

Glasgow Irrigation District
Box R
Malta, Montana 59538

Paradise Valley Irrigation District
Box 827
Chinook, Montana 59523

Zurich Irrigation District
236 Indiana
Chinook, Montana 59523

Harlem Irrigation District
Harlem, Montana 59526

efh #B897

HB897

Testimony of Benjamin B. Stout

Director, Mt. Forest and Conservation Exp. Sta.

^{recommended} Lubrecht Exp. Forest ^{can}
HB897, the allocation by DNRC of severance tax money, ^{management} serve natural
resources in a positive, doubling way. That portion of the competitive grant
^{would have} that comes to the Montana Forest and Conservation Experiment Station ^{before House amendments} allows
us to get double duty from the money. We install the demonstrations with these
renewable resource funds and then keep careful records to meet the station's
research mandate. This reduces the cost of the research substantially.

We in the Station welcome the opportunity to compete for these funds
with good proposals. We hope you keep that option open to us.

I support ^{ed} without reservation HB897 ^{before it was amended}
to exclude us from competition. Eliminating the demonstration
allocation to Lubrecht impacts our ability to
do effective demonstration and research. I ~~will~~ urge
the restoration of an allocation to Lubrecht Exp. Forest.

HB- 897
INFLUENCE OF GRAZING ON STREAMBANK VEGETATION AND WATER QUALITY

Animal & Range Sciences Department, Montana State University
Dr. Clayton B. Marlow, Project Leader

PROJECT PURPOSE:

Stream or riparian ecosystems occupy a very small portion of Montana's rangeland, but their high productivity and extended green period make such areas very important to the range livestock industry.

However, in the last few years a growing group of water users have become concerned about the degradation of riparian ecosystems. Although mining, road construction, agriculture, urban developments, and waste disposal have very visible impacts on riparian zones, there are some who believe the most insidious threat to these zones is livestock grazing. Present grazing systems have been criticized as being ineffective in protecting riparian ecosystems from the affects of grazing, thus elimination of livestock use from all or major portions of the stream or river is suggested as the only viable management alternative.

This project has been designed to produce an information base from which recommendations for the management of livestock grazing in riparian zones can be made. Thus, enabling Montana stockgrowers to continue to utilize this highly productive forage resource.

ACCOMPLISHMENTS TO DATE:

After two years of research, the following livestock/riparian zone relationships are beginning to emerge:

- A. Trampling damage appears to be restricted to certain periods.
- B. In-stream sediment loads may be a function of stream geomorphology rather than livestock presence.
- C. Livestock use of the riparian zone intensifies during late July and August.

NEED FOR ADDITIONAL FUNDING:

Requests for information and recommendations have been received from representatives of the Deer Lodge National Forest, Forest Service Regional Office, the Soil Conservation Service, the National Cattlemen's Association, and universities in Oregon and Wyoming. With interest such as this, it is critical that our data base is as accurate as possible, and the only way to achieve such accuracy is to conduct this study for 4-5 years. Increased demands on agricultural experiment station funds to meet the needs of Montana's agriculture giant make full funding for the next 2-3 years questionable. Funding by other research institutions has been denied because the project was either of regional scope or it was applied rather than basic research.

Recommendations arising from this project will not only reduce pressure from recreational, farming and municipal interests on the Montana livestock industry, but also allow Montana a lead role in optimizing the outputs of the West's natural resources while minimizing environmental degradation.

March 22, 1983

Mr. Francis Bardanouve
Chairman
State House Appropriations Committee
Capitol Station
Helena, Montana 59620

Dear Mr. Bardanouve:

The Geraldine area has serious domestic and livestock water supply problems. The quality of most surface and groundwater at area farms and ranches is very poor and getting worse. In addition, the quantity of most surface and groundwater is limited. As a result, the majority of rural residents must haul water from nearby towns for domestic purposes and many must haul water for stock. Hauling of water is time consuming and expensive. The quality of this hauled water is poor and is deteriorating as the months and years go by.

Some rural residents have private wells (both deep and shallow). Many of these wells in the Geraldine area are experiencing a deterioration in quality and a considerable number of heretofore good wells have been abandoned. This trend undoubtedly will continue. Last summer, the State Board of Health gave notice that the town of Geraldine's water had higher than acceptable levels of fluoride. Most rural residents haul their water from this source.

We have been attempting to find a suitable water source, financing, etc. since January of 1981. We have had four public meetings, helped the town run a community water survey needs assessment, met with various hydrologists, engineers, etc. and have worked quite diligently in attempting to delineate the best water source, most efficient methods of financing, etc. A preliminary engineering study was completed by the engineering firm of Thomas, Dean & Hoskins (TD&H) in 1981 and was paid for by local residents. More recently, we employed a project coordinator, Mr. Lloyd Bjerum of Havre, to further assist in our efforts. Mr. Bjerum, together with the engineering firm of Hydrometrics, assisted us in preparation of our application to the Department of Natural Resources and Conservation. This application was submitted in September 1982 and we were subsequently ranked 5th out of 83 applicants.

Mr. Francis Bardanouve
March 22, 1983
Page Two

As you know, H.B. 885 proposes the sale of bonds to provide financial assistance for eleven water development projects. The proposed Geraldine Rural Water System is one of these projects. With an interest rate on the bonds of 2 percent for 30 years and a \$125,000 DNRC grant, the Department of Natural Resources and Conservation estimates the capital cost per Geraldine rural user at \$57.58 per month. Operation and maintenance costs are estimated to be an additional \$45/month/user.

There is a great deal of local support and interest in the project and we are attempting to include the town of Geraldine in a cooperative effort to solve all the water problems in this area for the least amount of money. We hope to further reduce costs by doing as much of the work ourselves as the law allows. Your consideration in helping us solve our water supply problem is truly appreciated.

Sincerely,

Kenneth H. Engellant, Chairman
Geraldine County Water Board

KHE:jy



United States Department of the Interior

BUREAU OF RECLAMATION
WASHINGTON, D.C. 20240

IN REPLY
REFER TO: 734

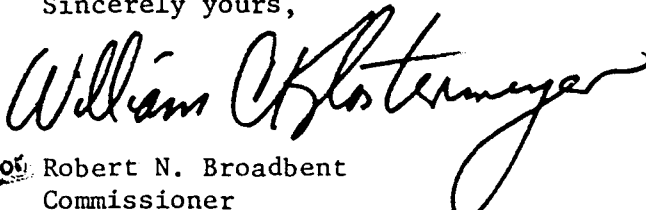
MAR 29 1983

Honorable Dave Manning
Montana Senate
Helena, Montana 59620

Dear Mr. Manning:

We enjoyed visiting with you on February 23 concerning water and energy development in Montana. Your concept for water development is a creative one and by copy of this letter I am directing our Regional Director in Billings to offer his assistance to the State in furthering the development of that concept.

Sincerely yours,


FOI Robert N. Broadbent
Commissioner

cc:
Regional Director, Billings, Montana



The Big Sky Country

MONTANA STATE SENATE

SENATOR DAVE MANNING

HYSHAM, MONTANA 59038

April 9, 1983

TO: SENATE FINANCE & CLAIMS COMMITTEE

In reference to the attached letter by Robert Broadbent, United States Commissioner of the Bureau of Reclamation and particularly the opening word of his letter "we", I list top level federal officials called into conference with me in my recent trips to Washington, D. C. and regional federal offices.

GARRY CARRUTHERS, Assistant Interior Secretary of Land and Water Resources, Washington, D. C.

ROBERT BROADBENT, United States Commissioner of the Bureau of Reclamation, Washington, D. C.

JOSEPH MARCOTT, Department of the Interior Bureau of Reclamation, Upper Missouri Region, Billings, Montana.

JAMES C. WILEY, Chief of Planning Policy Staff, Bureau of Reclamation, Washington, D. C.

B. BLAIR, Planning Policy Staff Bureau of Reclamation, Washington, D.C.

DR. JIM FLANNERY, Senior Advisor to Dept. of the Interior, Office of Commissioner Carruthers.

TOM CAVANAUGH, Majority Consultant to the House Interior Subcommittee on Water Power, Washington, D. C.

TOM NEVILLE, Minority Consultant to the House Interior Subcommittee on Water Power, Washington, D. C.

GEORGE VAN CLIVE, Consultant to the House Interior Subcommittee on Water Power, Washington, D. C.

JOHN MELCHER, Montana Senator

House Member, RON MARLENEE, Eastern Congressional District

MAX BAUCUS, Montana Senator

PAT WILLIAMS, Western Congressional District

Dave Manning

DAVE MANNING, Senator

DM:lf

440
2
HB 897
House Bill 897

TESTIMONY OF THE DEPARTMENT OF NATURAL RESOURCES AND
CONSERVATION

AN ACT TO APPROPRIATE MONEY TO THE DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION FOR LOANS AND GRANTS UNDER THE WATER DEVELOPMENT PROGRAM AND FOR GRANTS UNDER THE RENEWABLE RESOURCE DEVELOPMENT PROGRAM; TO APPROVE LOANS FROM WATER DEVELOPMENT BOND PROCEEDS AND COMPLETE AN APPROPRIATION FOR DEBT SERVICE; TO REALLOCATE CERTAIN RESOURCE INDEMNITY TRUST ACCOUNT INTEREST INCOME AND RENEWABLE RESOURCE DEVELOPMENT ACCOUNT FUNDS FOR WATER DEVELOPMENT PROGRAM LOANS AND GRANTS DURING THE BIENNIUM ENDING JUNE 30, 1985; TO PLACE CERTAIN CONDITIONS UPON GRANTS AND LOANS; AND PROVIDING AN EFFECTIVE DATE.

Public reception to the Water Development and the Renewable Resource Development Programs has been excellent. During the first loan/grant period, DNRC received 140 applications amounting to funding requests of approximately \$27 million. Current projections of available coal severance tax funds are \$2.5 million for the two programs, but a \$5 million bonding authority can be used to make additional loan funds available. It is evident from the recent requests for monies under both programs that such funds are necessary to provide for the conservation and beneficial development of Montana's water and renewable resources.

The Department of Natural Resources and Conservation supports this bill and its contents in its entirety. The various sections of the bill are further supported by the following statements:

Section 1: The legislature allocated .625% of coal severance tax revenues to the Water Development Program for the conservation and appropriate development of Montana's water resources. Current department estimates of available funds amount to \$1,385,756 for the biennium. Based upon this projection, fifteen (15) projects/activities on the prioritized water development list of projects recommended by the department and approved by the Water Development Advisory Committee, would receive grant funds. Two (2) of these projects are sponsored by private individuals.

In order to avoid possible termination of viable projects, sponsors of projects/activities not high enough on the priority list to receive a grant will be given the option (if consistent

with department requirements and economically and financially feasible) of requesting loan funds to replace the grant request. By law, no loan, whether public or private, may exceed the lesser of \$100,000, 10% of total loan or grant funds available, or 80% of the fair market value of collateral used to secure the loan. Loan funds will be provided through bond sale proceeds as provided for under Section 4.

Section 2: The legislature also allocated .625% of coal severance tax revenues to the Renewable Resource Development Program for the development of Montana's renewable resources. Current department estimates of available funds (less the portion in DNRC budget used for other purposes) amount to \$1,050,756 for the biennium. Renewable Resource Development monies are divided among five (5) categories, receiving various percentages of the available funds. Estimated funding between the categories is divided as follows:

- a. 15% for timber stand improvement (\$157,613);
- b. 40% for water development projects (\$420,302);
- c. 15% for improvements on agricultural lands (\$157,613);
- d. 10% for conservation districts reservation development (\$105,075); and
- e. 20% for other projects the department considers appropriate (\$210,151).

Based upon the recommended prioritized Renewable Resource Development Program project list, the projection of available renewable resource development funds, and consistent with other funds provided through Section 1, 5, 6, and 7, which are not used to fund projects on the Renewable Resource Development list, approximately Eighteen (18) projects would receive grants funds. Nine (9) of these projects would be water development category projects and nine (9) in the four other categories. These projections assume that all funds within the timber improvement category will be awarded to the Department of State Lands and that the Range Land Resources Program will receive approximately 75% of the other category ("e" above). Water-related projects would receive funding based upon priority within the Renewable Resource Development Program list and subject to section 3 (coordination of funding sources) and prior receipt of funds through sections 1, 5, 6, and 7. Projects sponsored by private individuals are not eligible to apply under the Renewable Resource Development Program.

Section 3: The coordination of funding sources provided through this section will prevent any one project/activity from receiving grant funds from both the Water Development Program and the Renewable Resource Development Program. By preventing such double funding, more projects/activities can receive grant funding, resulting in more implemented projects and greater overall benefit.

Section 4: Loans to public entities (excluding state agencies), made available through bond proceeds could, if all projects were funded, total up to \$2.2 million. Bond proceeds will also be used to provide loan funds to private individuals, which could if all projects were funded total up to \$742,000, and dependent upon demand, additional loans could be made to privates for project applications received during the biennium. The state will, when possible, purchase necessary revenue bonds issued by the public entity to secure the loan amount. In other cases, real/personal property or taxation authority may be used to secure the loans of private individuals or public entities that do not have bond sale authority.

Section 5: Reallocated Resource Indemnity Trust account interest income will be used to provide grant funds to additional recommended projects or activities further down the prioritized Water Development Program list that do not receive funds through section 1. Based upon a loss of approximately \$1 million dollars (HB 447) to fund the water adjudication program, and a remaining projected \$300,000 of available funds, an additional four (4) projects, beyond the 15 funded in section 1, could receive grant funds. Of these, one (1) is sponsored by a private individual.

Sections 6 and 7: Reallocated Renewable Resource Development account funds will be used to provide grant funds to additional recommended projects or activities further down the prioritized Water Development Program list that do not receive funds through Sections 1 or 5 (Coal tax or Resource Indemnity Trust funds). Based upon an estimated available funds of \$701,600 (\$771,600 less \$70,000 for anticipated funding on two small water development project loans), an additional Fifteen (15) projects or activities could receive grant funds. Of these, Three (3) are sponsored by private individuals.

Section 8: Loans and grants will be subject to various contract and loan agreement conditions. Project-specific terms and conditions will protect the state and project sponsors regarding legal and financial considerations, etc. and will establish the responsibilities of both parties. Terms and conditions will be established as required by law and as deemed necessary by the department.

Section 9: This section simply provides clarification of accounting procedures for unspent funds specific to sections 5, 6, and 7.

Section 10: This section provides for severability of the various parts of the subject act so that invalidity of one part will not affect the validity of the other parts.

FULL-TREE THINNING DEMONSTRATION PLOTS ON THE
LUBRECHT EXPERIMENTAL FOREST

With the 1981-83 Renewable Resource Development Grant, a series of full-tree thinning plots was established on the Lubrecht Experimental Forest. These plots demonstrated a technique that enables landowners to produce a salable product to help defray thinning costs. To make the project more meaningful to a range of landowners, the plots covered a variety of timber types, size classes, tree densities and harvesting techniques. Over 250 people, including ranchers, rural landowners, professional foresters, public agency personnel and logging contractors, viewed the project. These thinning methods have been adopted by some Districts on the Lolo National Forest, the Bureau of Indian Affairs in Ronan, Champion Timberlands and many small operators. After being employed for three months on this project, a group of young men began their own operation. This five person crew now produces hogfuel for Champion International Corporation in Missoula. The methods and equipment used in this system have also been widely demonstrated at fairs and conventions in western Montana.

The past work has concentrated on full-tree thinning techniques suitable for gentle terrain. The proposed continuation of the work will emphasize and demonstrate low cost methods of removing forest thinnings from steep terrain. Using these flexible, portable systems, more landowners can realize the maximum benefit from their timber stands. In their technical assessment of the proposal, the Department of Natural Resources and Conservation stated that: "Several professional foresters have noted that the demonstration of these steep-slope thinning techniques would be invaluable to woodlot operators in Montana." The DNRC recommended funding this project and commented: "The applicant has a proven record of distributing new information from demonstration projects, and seeing that this information is put into practice."

Hank Goetz
March 1983

INFLUENCE OF GRAZING ON STREAMBANK VEGETATION AND WATER QUALITY

Animal & Range Sciences Department, Montana State University
Dr. Clayton B. Marlow, Project Leader

PROJECT PURPOSE:

Stream or riparian ecosystems occupy a very small portion of Montana's rangeland, but their high productivity and extended green period make such areas very important to the range livestock industry.

However, in the last few years a growing group of water users have become concerned about the degradation of riparian ecosystems. Although mining, road construction, agriculture, urban developments, and waste disposal have very visible impacts on riparian zones, there are some who believe the most insidious threat to these zones is livestock grazing. Present grazing systems have been criticized as being ineffective in protecting riparian ecosystems from the affects of grazing, thus elimination of livestock use from all or major portions of the stream or river is suggested as the only viable management alternative.

This project has been designed to produce an information base from which recommendations for the management of livestock grazing in riparian zones can be made. Thus, enabling Montana stockgrowers to continue to utilize this highly productive forage resource.

ACCOMPLISHMENTS TO DATE:

After two years of research, the following livestock/riparian zone relationships are beginning to emerge:

- A. Trampling damage appears to be restricted to certain periods.
- B. In-stream sediment loads may be a function of stream geomorphology rather than livestock presence.
- C. Livestock use of the riparian zone intensifies during late July and August.

NEED FOR ADDITIONAL FUNDING:

Requests for information and recommendations have been received from representatives of the Deer Lodge National Forest, Forest Service Regional Office, the Soil Conservation Service, the National Cattlemen's Association, and universities in Oregon and Wyoming. With interest such as this, it is critical that our data base is as accurate as possible, and the only way to achieve such accuracy is to conduct this study for 4-5 years. Increased demands on agricultural experiment station funds to meet the needs of Montana's agriculture giant make full funding for the next 2-3 years questionable. Funding by other research institutions has been denied because the project was either of regional scope or it was applied rather than basic research.

Recommendations arising from this project will not only reduce pressure from recreational, farming and municipal interests on the Montana livestock industry, but also allow Montana a lead role in optimizing the outputs of the West's natural resources while minimizing environmental degradation.



12/12/83
B 819
4/12
April 12, 1983

HB819

Thermal Energy is opposed to the passage of HB819 relating to groundwater studies in southeastern Montana. We do support the concept that data from companies be entered into the statewide groundwater information system, but we feel there are some particular problems with this legislation. As the bill was originally drafted, funding for these projects would come from the Resource Idemnity Trust Account but the House Appropriations Committee amended both the amount of the appropriation and its source. Now the source of the funding is Federal Abandoned Mines Reclamation Fund, but the Department of State Lands does not control the fund as the bill eludes to.

The Federal Abandoned Mines Reclamation Account is funded through a federal excise tax on the mining of coal. The Surface Mining Control and Reclamation Act of 1977 established the Abandoned Mine Land Reclamation Fund to correct the most severe problems created by coal mining. Even though Sections of the Abandoned Mine Reclamation Regulations address research and development and restoration of the environment degraded by the adverse effects of past noncoal mining, it is the policy of the Director of the Office of Surface Mining (OSM) that monies from the Fund be applied to render benign both those conditions most hazardous to the welfare of the public and those representing most severe sources of environmental damage from past coal mining. Therefore, Montana's request for funding studies of groundwater in its southeastern coal fields and of the Berkley Pit in Butte would not be considered a priority. According

to Dr. Phyllis Thompson, Chief of the Abandoned Mine Reclamation Division of the Office of Surface Mining, all proposals for funds from the Abandoned Mine Account must be approved by OSM. Dr. Thompson said that her division would have a difficult time approving research and development on either coal or noncoal lands when there are such grave problems existing in other parts of the United States caused by the abandonment of coal mining. Even if Montana had completed all of its proposed abandoned coal mining reclamation projects, Thompson said it is doubtful that the Agency would approve Montana's request of the funds. Currently, the Agency is examining what type of action they might take when a state had completed its coal reclamation projects and wanted to pursue other areas. Thompson said that the tax is federal even though half goes back to the state and that the federal law is very specific about the priorities for the funds. Therefore, if the state has completed its reclamation projects, then the funds generated by coal mining in the state should go to other states having hazardous areas caused by coal mining. The states have no jurisdiction over the money or its uses. An example given by Thompson of this lack of jurisdiction was a law proposed by the State of Pennsylvania to equally distribute the state's share of the funds to each county. Pennsylvania received a legal opinion from OSM stating they had no jurisdiction over these funds that federal law superseded the state's law. Thompson felt that this would also be the case regarding Montana's proposed law. She suggested that this committee might want to call her staff attorney, Ed BoneKemper (202) 343-4591 and ask for an opinion on this proposed legislation.

Besides the problems with the source of the funding, we have reservations regarding the adequacy of the funding particularly now that the funding has been dropped from \$232,000 to \$60,000. We feel that drilling and maintaining groundwater wells by the Bureau of Mines can be duplicative.

We as an industry, are required by the Department of State Lands under the Montana Strip Mine Act to do extensive hydrologic studies. An example of this cost is Montco's Project. Montco in preparing its hydrologic data base, drilled over 70 wells in its Project Area which encompasses approximately 10,000 acres. Data for the baseline studies were collected over a 2½ year period at a cost in excess of 1½ million dollars. After filing this data base with its application in November of 1980, Montco has continued a monitoring program at a yearly cost of between \$50,000-\$100,000. This monitoring program will continue during the premining, mining, and post-mining stages. In addition to this data base and the model developed from it, an unsuitability petition was filed against Montco and the Department of State Lands. One of the contentions of the petition was degradation of groundwater quality and quantity. The U.S.G.S. and the Bureau of Mines used Montco's data to develop and demonstrate that the contentions of the petition could not be substantiated. Therefore, we feel that the necessary data is available and additional drilling and new studies are unwarranted. In order for the studies to be adequately done as proposed in this legislation, \$500,000-\$600,000 would need to be appropriated for just the study of groundwater in southeastern Montana not considering what funds might be necessary for the Berkley study. With this \$60,000 appropriation, partial analyses would be drawn which would simply raise additional questions and provide no conclusions or answers.

But again, we support the concept of providing the companies data base to the Bureau of Mines and we see that there are few, if any, problems in providing the data bases under the current laws. Therefore, we ask you amend out the sections dealing with the groundwater studies in southeastern Montana and seek another source of funding for the studies relating to the Berkley Pit.

House Bill 23 is an ad hoc cost-of-living increase for retirees of the Public Employees Retirement System.

Funding: An increase of approximately 1/10 of 1% in employer contributions over a 40 year period as determined by the P.E.R.S. actuary. Current rate of contribution is 6.32%; rate effective July 1, 1983, 6.417% (increase = 0.097%)

First year (FY84) Breakdown:

Total cost = \$386,000 split 55% (local government share) and 45% (state government share)

State Share = $\$386,000 \times 45\% = \$174,000$ (rounded)

Local government = $\$386,000 \times 55\% = \$212,000$ (rounded)

Total = $\$386,000$

The state's share would be split approximately 60% general fund money (104,000) and 40% earmarked funds (\$69,600). No General budget increase as such appears necessary since this relatively small amount could be absorbed in the appropriations to the various state agencies as they presently stand (HB 447). The dollar amount increase for eleven state agencies is shown on the attached sheet.

The increase millage for the county's share would vary from 1/100 of a mill to 9/100 of a mill. The low dollar amount is \$96.00 per year for Petroleum Co. and the high is \$7,118.00 for Cascade County.

The proposed benefit increase provided by HB 23 would apply only to those currently retired. The increase consists of \$1.00 per month for each year of creditable service for those retired prior to July 1, 1981 (maximum \$30.00), and 50¢ per month for those retired between July 1, 1981 and January 1, 1983 (maximum \$15.00).

The average retiree has 18.44 years of service and currently receives about \$281.00 per month. HB 23 would allow an average increase of \$18.44 per month for those receiving the above mentioned \$1.00 per month increase; \$9.22 for those receiving 50¢.

The increased cost of only two absolutely essential items, energy and medical insurance, were taken into consideration when HB 23 was drafted. The monthly increase in the cost of these items only, from July 1979 to date, is \$71.17. July 1979 was used as a beginning date because no appreciable cost-of-living increase has been received by retirees since that date.

While inflation has averaged 9.9% per year during this period, the request contained in HB 23 would allow for only a 1.7% per year increase.

House Bill 23 has been amended downward in the House to Approximately 25% of the request contained in the original bill. It has passed second and third readings in the house by votes of 70-24 and 77-14 respectively.

FISCAL YEAR '84 INCREASE IN STATE EMPLOYER CONTRIBUTIONS
NEEDED TO FUND HB 23 (ELEVEN (11) AGENCY EXAMPLES)

<u>AGENCY</u>	<u>*PERSONAL SERVICES COSTS FOR F.Y. '82</u>		<u>DOLLAR AMOUNT INCREASE IN EMPLOYER CONTRIBUTION</u>
DEPARTMENT OF COMMERCE	\$3,497,595	times .097% =	\$3,393
DEPT. OF HEALTH & ENVIR. SCIENCES	5,844,626	" " =	5,669
DEPT. OF HIGHWAYS	42,440,890	" " =	41,168
DEPT. OF INSTITUTIONS	41,059,264 3,666,439	" " =	3,556 39,827
DEPT. OF LABOR & INDUSTRY	1,515,783	" " =	1,470
DEPT. OF STATE LANDS	5,117,515	" " =	4,964
DEPT. OF NATURAL RESOURCES	5,561,609	" " =	5,395
DEPT. OF REVENUE	16,258,382	" " =	15,771
DEPT. OF SRS	18,874,604	" " =	18,308
DEPT. OF ADMINISTRATION	9,439,103	" " =	9,208
DEPT. OF AGRICULTURE	1,748,042	" " =	1,696

* Costs obtained from Montana Financial Report 1981-82
prepared by the Accounting Division of the Montana Department of Adminis-
tration (Fiscal year July 1, 1981 - June 30, 1982).

The above agencies were used as examples to illustrate that the cost to each agency can be absorbed in the current budget appropriations (HB 447); i.e., no increase in the budget will be necessary. The same would be applicable to the other state agencies that make employer contributions to the Public Employees Retirement System.

HOUSE BILL 23 (AMENDED)

MONTHLY BENEFIT FOR EACH YEAR OF CREDITABLE SERVICE	PERCENT OF SALARY OVER 40 YEARS	FIRST YEAR COST				FIRST YEAR COST TO EMPLOYER		
		INCREASED PAYMENTS TO RETIREES	% OF PAYROLL	STATE	LOCAL GOVERNMENT	TOTAL		
\$1.00	.097%	\$1,371,778	.364%	\$173,667	\$212,259	\$385,926		
1.50	.146	2,057,667	.546	261,395	319,483	580,878		
2.00	.194	2,743,556	.728	347,333	424,518	771,851		
2.50	.243	3,429,445	.910	435,062	531,742	966,804		
3.00	.291	4,115,334	1.092	521,000	637,777	1,157,777		
3.50	.340	4,801,223	1.274	608,728	744,001	1,352,729		

The valuation was based upon a benefit increase of \$1.00 for each year of creditable service for members who re-tired prior to July 1, 1981 and one-half of this amount for members who retired between July 1, 1981 and January 1, 1983. The maximum creditable service was limited to 30 years.

The 40 years cost as shown above is the additional percentage of the active members' salary which would need to be contributed in order to fund the increased unfunded liability over a 40 year period.

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SUMMARY OF BUILD MONTANA PROGRAMS

IN HOUSE BILL 1

I. Governor's Council on Economic Development (EB \$156,800)*
(HR \$106,400)*

This is a new program. The council would be appointed by the Governor and would include 20 members representing the following sectors of the economy: natural resources extraction and processing industries, small business, tourism, agriculture, education, conservationists, public interest, financial, professional, economic development, and organized labor. At least four will represent small business. The council will sponsor, review and evaluate state economic development problems and programs, develop a biennial economic conditions report and sponsor appropriate research and action on economic development issues. No new FTE's will be added.

II. Council on Science and Technology (EB \$197,414)
(HR Same)

This is a new program. The council will be appointed by the Governor and would include nine members all with scientific and business backgrounds. The council will have the following responsibilities: (1) develop a short-term (1-5 year) and a long-term (5-20 year) list of research priorities related to economic development; (2) identify current scientific work related to economic development; (3) evaluate the need for new industrial-research facilities. Special emphasis will be placed on commercializing existing research and on the processing of agricultural products. The Council will have three new FTE's: two professionals and a secretary.

III. Business Development Assistance Program (EB \$446,441)
(HR Same)

This program is currently funded at \$253,574 in H.B. 447 and includes 1.83 FTE. H.B. 1 would add an additional \$446,441 for the purpose of expanding the state's capacity to deliver information services and technical assistance to small businesses. Information includes training opportunities, federal contract leads, and sources of loan and grant funds. Technical assistance would be provided by private sector consultants in areas such as: financial packaging, marketing, product testing and development and quality control. Programs also would provide for loan packaging training in cooperation with President Reagan's Small Business Economic Revitalization Program. This would add 2.5 FTE.

*EB is funding level proposed in the Governor's Executive Budget.

*HR is funding level approved by the House of Representatives.

Summary

IV. Assistance to Local Development Organizations (EB \$528,532)
(HR \$448,532)

This program is currently funded at \$74,282 and .5 FTE. H.B. 1 would add an additional \$528,332 for the purpose of expanding the capacity of the Department to deliver technical assistance training and grants to communities in their efforts to promote economic stability and growth at the local level. Training would be geared to two different groups: (a) local leaders necessary to organize and maintain local development efforts and (b) professional staff of local organizations who must provide technical skills to local development efforts. Technical assistance would also be of two types: assistance from state staff in assembling the basic "tools" necessary in the community and cost-sharing grants for specialized expertise necessary to carry out a specific local development project. This would add .5 FTE.

V. University Business Management Development Program (EB \$250,000)
(HR eliminated)

No coordinated program to use effectively the business faculty of the University System for training and technical assistance currently exists. This program, approved by the Board of Regents, would establish a coordinator for business training, research and technical assistance. The program would work with resources of the entire University system, not just MSU, to deliver business skill training to small business and agri-business firms, as well as coordinating internships and technical assistance. A new university FTE position to direct the program would be created.

VI. Montana Product Promotion and International Export Assistance (EB \$318,806)
(HR \$208,830)

International export assistance is funded by the Executive Budget at \$64,208. Montana Product Promotion is a new program. Both programs are designed to enhance the marketability of Montana manufactured and agricultural products. Montana Products Promotion consists of an instate campaign to elevate the status of Montana products, a clearing house to watch manufacturing capabilities and an aggressive program to assist Montana firms in being awarded federal government procurement contracts. International trade assistance would provide direct one stop technical assistance to those firms wishing to enter foreign markets. There is currently 1 FTE; an additional FTE would be added.

VII. Montana Economic Reporting and Forecasting System (EB \$150,000
(HR eliminated)

This is a new program to compliment the existing economic research programs of the Bureau of Business and Economic Research (BBER). A committee of university economists, representing all the major units will be created to supervise the development and implementation of a new economic reporting and forecasting model that will provide more timely, accurate, and comprehensive information than is currently available. Three new university FTE's would be added: Research Associate, Research Assistant and Secretary.

VIII. Business Location Promotion (EB \$227,522)
(HR eliminated)

The Executive Budget currently funds this program at \$117,302. H.B. 1 requested \$227,522 to institute a modest out-of-state business advertising and publicity, recruitment program. The major emphasis is responding professionally to firms that are interested in locating in Montana. There is currently 1 FTE, an additional FTE would be added.

IX. Travel and Tourism Promotion (EB \$1,785,064)
(HR \$1,200,000)

H.B. 1 requests additional travel and tourism promotion funding which would go directly into advertising expenditures to increase the frequency and coverage of current advertising programs. The net result would be more visitors to Montana both summer and winter which in turn would bring new dollars to the state. Tax revenues from gasoline, cigarettes and liquor would increase. The current 8 FTE would be increased by one.

X. Community Development Infrastructure (EB \$273,100)
(HR eliminated)

Program would provide technical assistance to local governments on water, sewer, street, building financing problems. Current staff of 2.34 FTE would be increased by 2 FTE.

XI. Montana Economic Development Board (EB \$470,000)
(HR Same)

This is a new program to implement and administer the development finance programs approved in the following bills:

- H.B. 100 - Instate investment of the coal tax trust fund
- H.B. 700 - Umbrella industrial revenue bonds for small business
- H.B. 871 - Large project industrial revenue bonds
- H.B. 685 - The certification of Montana Capital Companies
- H.B. 733 - Pooling of municipal bonds

The 7 member board will have a staff of one secretary and three professionals in 1984 and four in 1985.

XII. Labor Training Program (EB \$1,000,000)
(HR Same)

Montana is one of only 16 states without a state-funded job training program. All job programs in Montana are currently federally-funded and must comply with restrictive federal guidelines. Funds would be used to establish two programs: (1) training program for work force of specific new or expanding businesses and (2) state matching funds for the federal dislocated workers training program. A 50/50 match is now required. Programs would add 1 FTE to administer the program.

XIII. Travel, Tourism and Business Promotion (EB \$700,000)
(HR Same)

This is a spending authorization for private donations for travel, tourism and business promotion programs. The authorization gives the department the authority to raise money from the private sector for cooperative advertising programs.

XIV. Industrial Revenue Bond Program - 4 year loan (EB \$150,000)
(HR Same)

This is a new program. The Economic Development Board is authorized to borrow \$150,000 for operational costs to administer the umbrella industrial revenue bond program. The loan will be repaid within four years from the revenue generated on bond sales under the program.

TOTAL GENERAL FUND (EB \$5,803,679)
(HR \$4,077,617)

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testimony

TESTIMONY PRESENTED TO THE MONTANA
SENATE FINANCE AND CLAIMS COMMITTEE
APRIL 12, 1983
CAPITAL BUILDING, ROOM 108
BY MARTIN WHITE, PRESIDENT
WESTERN ENERGY COMPANY

MY NAME IS MARTIN WHITE. I AM PRESIDENT OF WESTERN ENERGY COMPANY, A COAL COMPANY WITH OPERATING MINES AT COLSTRIP, MONTANA AND NEAR THERMOPOLIS, WYOMING AND A MINE SOON TO BE OPENED IN TEXAS. MY PURPOSE IN APPEARING BEFORE YOU TODAY IS TO ENCOURAGE SUPPORT FOR THE "BUILD MONTANA" PROGRAM, PARTICULARLY, THE BUSINESS DEVELOPMENT ASSISTANCE PROGRAM, THE MONTANA PRODUCT PROMOTION AND INTERNATIONAL EXPORT ASSISTANCE PROGRAM, THE BUSINESS LOCATION PROMOTION PROGRAM AND THE MONTANA ECONOMIC REPORTING AND FORECASTING SYSTEM.

IT WOULD TAKE APPROXIMATELY \$1 MILLION TO BRING THESE PROGRAMS BACK UP TO THE ORIGINAL RECOMMENDED BUDGET LEVEL AND IT IS THAT LEVEL THAT I AM HERE TO SUPPORT.

MONTANA'S PRESENT UNEMPLOYMENT IS ABOUT 10.5 PERCENT. IF MONTANA IS TO REDUCE THAT LEVEL OF UNEMPLOYMENT TO FIVE PERCENT BY THE YEAR 2,000, IT WILL REQUIRE THE CREATION OF 29,000 NEW PRIMARY JOBS, THAT REPRESENTS 1,600 NEW JOBS PER YEAR FOR THE NEXT 18 YEARS.

IT IS GOING TO TAKE LONGER TO ADD THOSE 1,600 JOBS PER YEAR THAN IT EVER HAS BEFORE. IT USED TO BE THAT A CORPORATION, OR A PARTNERSHIP OR EVEN AN INDIVIDUAL COULD DECIDE TO GO INTO BUSINESS ONE DAY AND, WITHIN A MATTER OF WEEKS, MONTHS OR AT MOST, A VERY FEW YEARS, THE SHINGLE WOULD BE UP AND OUT. THAT IS NO LONGER TRUE; PARTICULARLY IF YOU ARE TALKING ABOUT ADDING LARGER CHUNKS OF EMPLOYMENT, THOUGH IT EXTENDS DOWN TO EVERYTHING FROM NEW SHOPPING CENTERS TO CUTTING FIREWOOD. THE FACT IS, WE HAVE PROGRESSED FROM THE RIP AND RUN MENTALITY PREVALENT IN THE EARLY YEARS OF THIS CENTURY TO A STATE WHERE WE WEIGH CAREFULLY AND THOROUGHLY, NOT ONLY THE ECONOMIC CONSEQUENCES OF OUR ACTIONS, BUT ALSO THE ENVIRONMENTAL AND SOCIAL RESULTS. I HAVE NO DOUBT BUT WHAT THOSE NEW CONSIDERATIONS--WHICH REALLY CAME TO THE FORE IN 1970'S--ARE DESIRABLE, EVEN NECESSARY IF WE HOMOSAPIENS INTEND TO CONTINUE INHABITING THE EARTH. BY THE SAME TOKEN, I THINK IT ALSO IS IMPORTANT THAT WE ACCORD CONSCIOUS RECOGNITION TO THE FACT THAT THOSE NEW CONSIDERATIONS EXACT COSTS--IF THE FORMS OF MONEY, RESOURCES AND TIME.

LET ME GIVE YOU AN EXAMPLE OF WHAT I MEAN BY MONEY, RESOURCES AND TIME. THE COAL MINES AND POWER PLANTS CONSTRUCTED AT COLSTRIP, MONTANA ARE THE LARGEST, SINGLE INVESTMENT EVER MADE IN THE STATE OF MONTANA. THAT PROJECT HAS BEEN 18 YEARS IN THE MAKING. I PERSONALLY HAVE BEEN INVOLVED IN THE PROJECT FROM ITS INCEPTION. THE PROJECT HAS MOVED ALONG VERY RAPIDLY TO THOSE OF US WHO WORKED WITH IT ON A DAY-TO-DAY BASIS. HOWEVER, REMEMBER I SAID IT TOOK

18 YEARS TO GET WHERE WE ARE TODAY, AND HAS TAKEN IN EXCESS OF \$2 BILLION. AND, WHEN IT IS COMPLETED, WHICH IT WILL BE NEXT YEAR, THAT PROJECT WILL PROVIDE 1,200 PERMANENT JOBS.

EARLIER I SAID THAT IT WAS GOING TO TAKE 29,000 JOBS TO REDUCE MONTANA'S UNEMPLOYMENT FROM $10\frac{1}{2}$ PERCENT TO 5 PERCENT BY THE YEAR 2000. THINK ABOUT THAT FOR A MINUTE. IT TOOK 18 YEARS AND \$2 BILLION TO CREATE 1,200 PERMANENT JOBS. DOES THAT MEAN IT IS GOING TO TAKE \$58 BILLION TO PROVIDE THE 29,000 JOBS OR IN EXCESS OF \$2 BILLION PER YEAR TO PROVIDE THE 1,600 JOBS PER YEAR? IF THAT IS THE CASE, WHERE ARE WE GOING TO GET THE MONEY? CERTAINLY NOT FROM EVANS PLYWOOD, WHO COMPLETED A LIQUIDATION SALE LAST YEAR. SURELY NOT FROM THE MILWAUKEE RAILROAD, WHO HAS ALL OF ITS MONTANA ASSETS ON THE AUCTION BLOCK, AND SURELY NOT FROM THE ANACONDA COMPANY, WHO RECENTLY SHUT DOWN THEIR BUTTE, ANACONDA AND GREAT FALLS OPERATIONS, AND SURELY NOT FROM STAUFFER CHEMICAL, WHO JUST LAID OFF 100 EMPLOYEES, AND SURELY NOT FROM SAFEWAY, WHO JUST REDUCED EMPLOYMENT IN THE CITY OF BUTTE BY 135. ALL OF THOSE SHUTDOWNS REPRESENT 3,000 JOBS LOST.

GENTLEMEN, I DO NOT KNOW IF THE "BUILD MONTANA" PROGRAM IS THE BEST POSSIBLE PROGRAM TO BUILD THE STATE. I DO KNOW THAT IT IS ONE THAT HAS BROAD SUPPORT OF THE BUSINESS COMMUNITY, BECAUSE THE PLANS WERE LAID WITH MONEY RAISED FROM THE BUSINESS COMMUNITY. I DO KNOW IT HAS THE SUPPORT OF OUR GOVERNOR, AND I DO KNOW THAT IF YOU FUND IT, WE CAN START IMMEDIATELY. IF YOU DON'T FUND IT,

WHATEVER PROGRAM SOMEONE COMES UP WITH, AT BEST, WON'T START FOR TWO YEARS.

I INDICATED I WAS HERE TO SUPPORT THE BUSINESS DEVELOPMENT ASSISTANCE PROGRAM, THE MONTANA PRODUCT PROMOTION AND INTERNATIONAL EXPORT ASSISTANCE PROGRAM, THE BUSINESS LOCATION PROMOTION PROGRAM AND THE MONTANA ECONOMIC REPORTING AND FORECASTING SYSTEM. YOU MIGHT WONDER WHY THOSE PROGRAMS.

THREE YEARS AGO I ATTENDED HARVARD UNIVERSITY'S ADVANCED MANAGEMENT 13 WEEK PROGRAM. I WAS ONE OF 160 EXECUTIVES AT THAT PROGRAM. WHILE THERE, I WAS SOMEWHAT OF AN ODDITY BECAUSE FOR ALL BUT ONE PERSON IN THE PROGRAM, I WAS THE FIRST PERSON FROM MONTANA THAT THEY HAD EVER LAID EYES ON. ALL BUT ONE HAD NEVER BEEN IN THE STATE BEFORE. WE MAY THINK EVERYBODY KNOWS ABOUT MONTANA, BUT IT IS NOT TRUE. WE BETTER GET OUT AND ADVERTISE MONTANA AND TELL PEOPLE ABOUT MONTANA AND WORK TOGETHER TO GET SOME EMPLOYMENT INSIDE THIS STATE.

EVERY STATE IN THE NATION IS WORKING, TRYING TO PULL EMPLOYMENT TO THEIR STATE. IF WE DON'T COMPETE, MONTANA IS NOT GOING TO EVEN EMPLOYEE ITS OWN CITIZENS AND THAT'S A TOUGH INHERITANCE TO PASS ON TO YOUR CHILDREN AND TO MY CHILDREN. IT SEEMS TO ME THAT THIS INVESTMENT OF \$1 MILLION IS NOT TOO BIG A GAMBLE FOR OUR CHILDREN AND FOR THE STATE. THANK YOU.

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ok HB1

TESTIMONY

IN SUPPORT OF HB #1

FROM
Mike Fitzgerald
President
Montana Trade Commission
Suite 612 - Power Building
Helena, Montana 59601

BEFORE THE SENATE FINANCE & CLAIMS COMMITTEE

APRIL 12, 1983

Since 1980 Montana has lost over 5000 primary jobs.

<u>Employer</u>	<u>Action</u>
-Anaconda	-Laid off 1500, 750 more by June
-Evans Plywood (closed)	-Laid off 400
-Mountain Bell	-Laid off 350
-Milwaukee Railroad (shut down)	-Laid off over 900
-Burlington Northern	-Laid off over 600
-State Government	-Laid off over 400
-Federal Government	-Laid off over 200
-Montana Coal Industry	-Laid off over 360
-Safeway Stores (closing)	-Will lay off over 100 by June

- These losses are only the direct losses - secondary unemployment may be double.
- Montana's primary job base is @ 110,000 and it appears that Montana will require at least 23,000 new primary jobs by the year 2000 to reduce unemployment to 5% and support internal growth at .6%.
- Nationally the average manufacturing job requires a \$40,000 investment. We must create 1300 new primary jobs each year between now and the year 2000. That is a substantial challenge for all of us.
- The State Department of Labor announced in February that unemployment checks have become the largest payroll in Montana.
- The Montana SBA estimates that Montana Business bankruptcies have escalated 5 times from five years ago. This does not include agricultural foreclosures which have also escalated.
- The Energy Boom predicted in the 1970's has not and will not likely materialize. Coal development will not likely reach 100 million tons annually by the year 2000 that is adjusted down from mid 70s projection of 270 mm/tons/yr. by 2000.

- Industrial applications for water have disappeared.
- Montana's business climate as rated by business is decidedly anti-business.
- Income growth in Montana has lagged behind the nation and most neighboring states.
- Montana's per capita income has historically been 10% below the national average.
- Employment growth in Montana has been slower than in most neighboring states.
- Likewise, our unemployment has been higher than our neighbors.
- Montana has not diversified over economy as much as our neighbors have.
- Our agriculture industry is declining. Production costs continue to exceed prices. We have not developed agricultural processing at all in Montana and only modest product marketing efforts now exist.
- Montana ranks 48th nationally in manufactured exports.
- Only one state other than Montana had less industrial expansions of \$½ million or more since 1981.
- Montana is the most remote state in the continental U.S. Every other state is at least 500 miles closer to a major population center.
- The timber and copper industries in Montana may be in permanent decline.
- Because of these grim realities the Montana Business Community initiated and co-sponsored the MONTANA ECONOMIC DEVELOPMENT PROJECT with Governor Schwinden. We retained McKinsey and Co., a national business consulting firm to assist us.
- The purpose of the project was to compare Montana's economic performance to the nation and our neighboring states; to determine our comparative advantages and to develop program recommendations to assist small business, create manufacturing and agricultural processing and attract new business investment to Montana.

The study concluded that "Montana is not poised for significant growth in any identifiable area."

- Each of you have received a copy of the Montana Economic Development Project Recommendations.
- The program recommendations in HB #1 came directly from our project with unanimous support from the business representatives who served on our steering committee and those who paid for the project.
- Business needs the support of the government in order to improve Montana's economic performance, create new business opportunities and new career and employment opportunities.
- Economic development on a broad scale has become a necessity.
- The present Department of Commerce budget includes only about 5% for business development and 40% of those funds are federal and will be eliminated from the 1984 budget. Only 5 of the 160 staff members of the Commerce Department provide business development assistance.
- The total economic development budget in HB #1 is less than 1% of the state budget and less than .003 of 1% of all state employees. That is a modest investment to begin improving Montana's economic progress which will benefit every person in this state.
- The program recommendations in HB #1 are the tools we need to assist small business, create new manufacturing and agricultural processing and attract new business investment to Montana to diversify the state economy.
- We researched over 20 other states and foreign countries and found that everyone which was doing well economically had programs similar to those proposed in HB #1.
- States which are doing well economically, without exception, have strong state supported economic development programs.
- States which are the leaders in new technology development and new employment have linked together state government, University R&D and business and substantially funded new product R&D. We found no exemptions to this fact.

A majority of the business community in the state have set aside partisan issues to develop these recommendations.

- HB #1 offers the possibility of improving the states economy, of creating new business, employment, and new tax revenues for Montana.

I recommend your full support for HB #1 which I believe is the cornerstone to improving Montana's economic performance.

If we don't do it now I doubt we ever will.

Thank you.

MONTANA ECONOMIC DEVELOPMENT PROJECT STEERING COMMITTEE

<u>MEMBER</u>	<u>SECTOR</u>
Ted Schwinden, Co-Chairman	Governor
Ian Davidson, Co-Chairman	Chairman, D. A. Davidson & Company
Mike Fitzgerald, Vice Chairman	President, Montana International Trade Commission
Gary Buchanan, Vice Chairman	Director, Department of Commerce
Leo Berry	Director, Department of Natural Resources
Buck Boles	President, Montana Chamber of Commerce
Neil Bucklew	President, University of Montana
Ken Byerly	Newspaper Publisher - Lewistown
Lew Chittim	Vice President of Marketing, Morrison-Maierle
Ralph Cox	President, Anaconda Company
Frank Daniels	Partner, J.D. Farms
Honorable Bob Decker	Lewis & Clark County Commissioner
Fred DeMoney	President, Montana School of Mines
Jerry Driscoll	President, Montana State AFL-CIO
Bruce Ennis	President, Meridian Land & Mineral Company
Bob Ford	Manager, Administrator for Champion Packaging
Rick Graetz	Publisher, Montana Magazine
Curt Halseide	Manager, Schnitzler Corporation of Froid
Dale Harris	Assistant to the Director, Department of Commerce
Chase Hibbard	President and General Manager, Sieben Livestock Company
Mark Hungerford	President & C.E.O. P.L.M., Inc.
Jerry Hudspeth	President, J.M., Inc.
Ed Jasmin	President, Northwestern Bank & Union Trust Company
Maxine Johnson	Director, Bureau of Business and Economic Research
Nadine Jensen	Executive Director, AFSME Council 9
John Jutila	Vice President, Research and Development, Montana State University
Eldon Kuhns	Chief of Executive Officer, Montana Bank Systems
George Lambros	Owner/Broker, Lambros Realty
Land Lindbergh	Lindbergh Cattle Company
Joe McElwain	Chairman, Montana Power Company
Gordon McOmber	Director, Department of Agriculture
Harry Mitchell	President, Ayrshire Dairy Farms
Gareth Moon	Director, Department of Lands
Glenn Moore	President, Emeritus National Association of Wheat Growers
Jim Murry	Executive Secretary, Montana State AFL-CIO
Ed Nurse	President, Foundation Materials Consultants
Wally Olson	Administrator, Economic & Community Development Division, Department of Commerce
Charles Pedersen	Chairman and CEO, First Interstate Bank
Joe Presley	President, Westmoreland Resources
Richard Remington	Vice President, Mountain Bell Telephone
Bob Reiquam	Former President, Montana Bankers Association

MONTANA ECONOMIC DEVELOPMENT PROJECT STEERING COMMITTEE

MEMBER

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Vice President, Montana International Trade
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Clayton Tonnemaker
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President, Montana State University
President, Coal Creek Mining Company
Vice Chairman, 1st Northwestern National
Bank, Billings

Gary Wicks
Dwight Wiggins

Director, Department of Highways
Manager, Exxon Refinery

Individuals Testifying in Support of House Bill #1

Gary Buchanan, Director, Department of Commerce
Ian Davidson, Chairman, D.A. Davidson & Co.
Terry Murphy, President, Montana Farmers Union
Jim Murry, Executive Secretary, Montana State AFL-CIO
Mike Fitzgerald, President, Montana International Trade Commission
W.P. Schmechel, President, Montana Power Company
Jim Spring, President, Christian, Spring, Seilback Consulting Engineers
Dave Hunter, Commissioner, Labor and Industry
Tag Rittel, Montana Outfitters & Guides Association
Bill Tietz, President, Montana State University
Don Reed, Director, Montana Environmental Information Center
Dick Remington, Vice-President, Mountain Bell
Ed Jasmin, President, Northwestern Bank
Neil Bucklew, President, University of Montana
Nancy Harte, Legislative Coordinator, Democratic Party
John Badgley, Board of Education
Hidde Van Duym, Office of Public Instruction
Bob McElvey, University of Montana, Ad Hoc Committee
Dan Dolan, Office of Public Instruction Computer Educator
Forest Bowles, President, Montana Chamber of Commerce
Hal Stearns, Active Montana Resident
Celine Lake, Women's Lobbyist Fund
Steve Brown, Independent Bankers
Bill Brown, Butte Chamber of Commerce
Joe Maierle, Morrison-Maierle
Elmer Frame, Campground Owners of Montana
Carl Rieckmann, Associate Director, Montana Petroleum Association
John Orth, National Center for Appropriation Technology
John Cozby, Cozby Enterprises, Anaconda
Peter Atark, Northwest Airlines
Earl Johnson, President, 1st Bank Helena
Chuck Pederson, Chairman, First Interstate Bank of Great Falls
Jerry Overmier, First Bank Helena
Martin White, President, Western Energy Company
Janet Moore, Seeley Chamber of Commerce
George Allen, Montana Retailers Association
Rod Hansen, Montana Electric Cooperatives
Ernest Hartley, Resident, Deer Lodge, Montana
Gene Marceille, Polson Community Director
Jesse Long, School Administrators
John Scott, Vice-President, G.T. Murray & Company
Yvonne Snider, Montana Ranch Products
Mildred Bordsen, Resident, Whitehall, Montana
Jim Dawson, LDC of Anaconda
Jerry Sullivan, Vice-President, First Security Bank
Carol Daly, President, Montana Economic Development Association
Judith Tilman, Butte-Silver Bow Community Development Department
Kathryn Penron, Montana Advisory Council for Vocational Education
Jack Martins, Montana Manufacturing Group
Bill Kuehn, President, Associated Chambers of Commerce of Flathead Valley
Marian Capp, Resident, Whitehall, Montana
Lloyd Schmidt, Resident, Stamford, MT and Ad Hoc Committee
Gary Priston, Resident, Butte, Montana
Loren Collins, Collins Enterprises, Inc., Bozeman
John Zavalney, Economist for the State Labor & Industry Division
Ed Bingler, Director of Montana Bureau of Mines & Geology, Butte, Montana
John W. Jutila, Vice President for Research, MSU
Dick Bourke, Development Credit Corporation of Montana
Clint Grimes, Resident, Helena, Montana
Ken Byerly, Publisher, Lewistown News Argus

Oregon Rated In Top Ten For Business Climate

That the state of Oregon has made positive steps in opening its doors to new business was made a matter of record in the October issue of *Inc. Magazine*—a Boston-based publication for growing companies.

A national survey conducted by the magazine of tax programs, capital, general business activity and state support systems places Oregon eighth "in overall climate for small businesses" among the 50 states.

The ranking raises Oregon from 33rd in *Inc.*'s 1981 survey of the same factors.

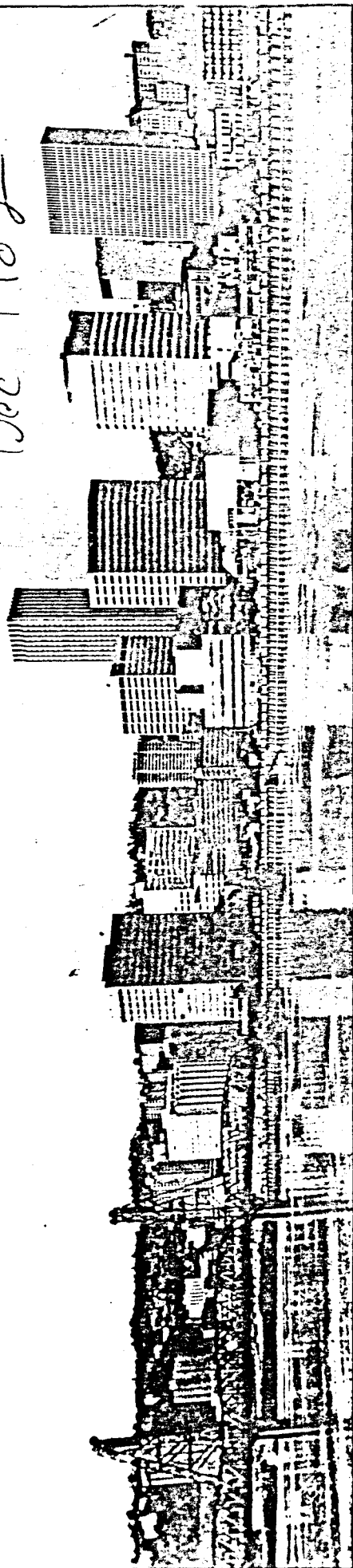
In selecting criteria for measuring business climates, the magazine interviewed economists, state development officials, venture capitalists and small business executives.

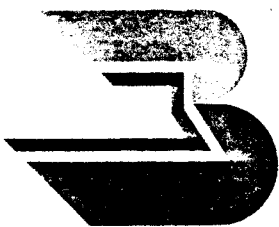
Doug Carter, executive director of the State Economic Development Department, said the survey may be indicative of some different directions taken by the department within the last six months. Officials have begun an aggressive program of industrial recruitment, for example, and there have been efforts to streamline and consolidate the development permits process.

While national recognition that Oregon is "open for business" is growing, that fact has been no secret within the Port of Portland's tri-county Port District.

With products ranging from coal and grain to electronic devices and trucks, in the Portland metropolitan area, projects totaling over \$100 million have been announced or are under way.

Port of Portland
News Letter
Dec 1982





V N B 1

TESTIMONY IN SUPPORT OF
HOUSE BILL 1

The Billings Area Chamber of Commerce supports House Bill 1 and urges its passage.

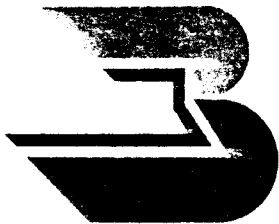
There is little doubt that economic development is one of the most, if not the most important issue currently facing Montana. And improving the climate for economic development is one of the most important functions currently facing state government. The Chamber views House Bill 1, which resulted from the efforts of many people of diverse backgrounds including some members of the Billings Chamber, as a reasonable approach to allowing the state to accomplish this function.

Billings is Montana's largest city, and one of the reasons for this is that it has been able to develop a strong and diverse economy. And yet there is much that still can and must be done to improve the economy of the Billings area. This is why the Billings Chamber has recently embarked on an ambitious new program of economic development. It is because of our efforts in this area that we support House Bill 1 since many of the programs included in this legislation will compliment our efforts.

However, House Bill 1 cannot and should not be viewed as the total solution to the state's economic problems. But it is another important tool along with the many existing tax incentive programs that will allow the state to become a partner with the private sector in working towards a better and stronger economy for Montana.

The Governor has stated in his "Economic Development Program to Build Montana" that the state can provide an impetus for and play a complimentary role to the private sector in economic development. The Billings Chamber recognizes this and pledges its support to such a private sector-government partnership. We therefore urge the passage of House Bill 1 so that this partnership of business and government can begin its important task, the task of revitalizing Montana's economy.

However, the Chamber also requests that before the bill is approved that the \$150,000 appropriation for the Montana Economic Reporting and Forecasting System, which was eliminated by the House, be restored. As the attached sheet further explains, there is a definite need for better economic data and forecasts in Montana. And since this information is a basic foundation to economic development activity, the Chamber believes this is one of the more important programs in House Bill 1 and urges that its funding be restored.



PROPOSED AMENDMENT TO
HOUSE BILL 1

The Billings Area Chamber of Commerce urges that the \$150,000 appropriation for the Montana Economic Reporting and Forecasting System, which was cut by the House of Representatives, be restored.

There is a definite need for better economic forecasting in order to track trends in the Montana economy so that future economic difficulties can be reasonably predicted in order to allow Montana citizens and governments adequate time to correct problems, minimize impacts, and develop alternatives for local economies.

In Montana there is a need for economic forecasts and information on the local level; i.e. SMSA, labor market areas, regions within the state, etc. The reason for the need for more localized information is that statewide data is in most cases virtually useless in the local decision making process because statewide data cannot be interpreted to the local level. Also statewide data is often difficult to use because the regions of Montana have very different economies. For example, the economy of eastern Montana is based on energy and agriculture while that of western Montana is based on mining, timber, and tourism.

Below are four examples of localized forecasting that would be extremely helpful to economic development activity.

SECTOR FORECASTS: This includes information on activities in various sectors, specifically in the primary industries. This information would include employment, earnings, wages, production, number of establishments, market shares, etc. This information would allow comparisons between sectors at local level and with national trends. This information would also give the ability to determine if national high growth industries have comparable growth in Montana.

POPULATION FORECASTS: There is a need for sophistication and accuracy in population forecasts based on development factors as well as baseline data (births, deaths, migration). This would allow improved community planning and provide businesses with accurate population figures in assessing the Montana market.

DEMOGRAPHIC FORECASTS: There is also a need for improved forecasting of socio-economic characteristics on as local a basis as possible. This type of forecasting will depend heavily on census data. This forecasting would allow for improved community planning and market assessment, plus allow comparison to national figures.

REGIONAL INFORMATION; There is a need for the establishment of a resource data base that would allow access to economic information from other states. This would allow comparison with neighboring states. Many times we don't know what is happening around us in terms of development. The availability of such information would assist in determining how out-of-state decisions and developments will impact Montana and also provide Montana with the information that will allow it to compete for new businesses.

WIFE Women Involved in Farm Economics

NAME JO BRUNNER

BILL NO. HB 1

ADDRESS 563 3rd St. Helena

DATE April 12/83

ORGANIZATION WOMEN INVOLVED IN FARM ECONOMICS

SUPPORT

X

OPPOSE

AMEND

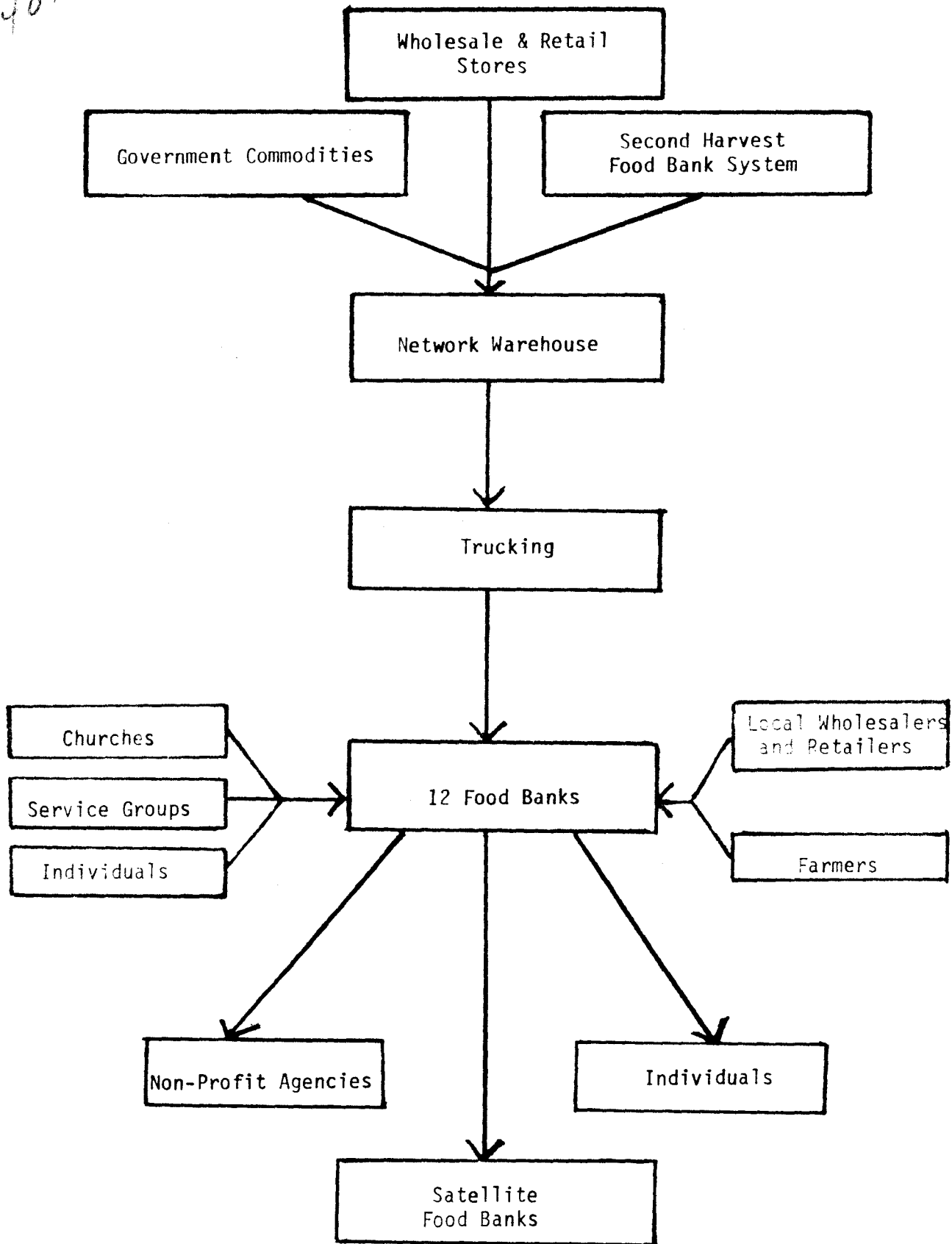
Comments:

Mr. Chairman, members of the committee, my name is Jo Brunner and I represent the members of the women Involved in Farm Economics Organization.

Mr. Chairman, The W.I.F.E. organization supports ~~any~~ effort ~~of any beneficial kind~~ to promote industries native to Montana. We believe however, that ~~the community~~ ^{our communities} must be able to support such industries and that simply promoting and organizing industries is not enough. We are of the opinion that to support businesses, the basic criteria is a source of monies ~~added~~ in communities and we believe that because agriculture is our basic industry in Montana, and is in such a great economic slump at this time, our communities will not be able to ~~successfully~~ support new industry until agriculture has developed new markets, and added to existing ones.

~~We do support HB 1 with the letter of intent lines 20-22 on the front page, ~~the amendments on to the original monetary requests~~~~. We believe that the more the agriculture economy improves, the more small businesses and industry at the local level will improve, thus renewing the process of turning over agriculture money the several times it does. We ask a do concur. Thank You.

4B467



FOOD BANK DISTRIBUTION CYCLE

STATE-WIDE FOOD BANK NETWORK

In 1982, the Gallatin Valley Emergency Food Bank contributed \$13,759.81 of surplus and salvaged food to non-profit agencies, saving them an average of 4¢ per meal. With the Food Banks doing the legwork in obtaining food from donors, agencies have more time and funds to concentrate on other activities. By establishing a network of Food Banks, the potential savings to non-profit agencies across the state would total \$165,117.72.

NON-PROFIT AGENCIES SERVING CONGREGATE MEALS

GALLATIN VALLEY EMERGENCY FOOD BANK

RECIPIENT AGENCIES	VALUE OF FOOD DONATED	NO. OF INDIVIDUALS SERVED DAILY	NO. OF MEALS SERVED PER YEAR	SAVINGS PER MEAL
Senior Centers	\$6,364.50	395	66,754	9.5¢
School District	2,016.61	694	125,098	1.5¢
Day Care Centers	1,841.95	153	58,340	5.0¢
Group Homes for Disabled	1,212.36	33	34,031	3.5¢
Other Food Box Programs (Salvation Army, Community Services)	698.27	4	1,626	42.0¢
Help Center	693.77	2	770	90.0¢
Special Event Donation (R.S.V.P., Yellowstone Boys and Girls Ranch, Big Brothers and Sisters)	375.15	383	2,539	14.7¢
County Rest Home	266.17	56	61,152	0.4¢
Youth Guidance Home	195.41	5	3,900	5.0¢
Battered Women's Network	95.62	1	46	207.0¢
TOTAL ONE FOOD BANK	\$13,759.81	1,726	354,256	4.0¢
TWELVE FOOD BANKS	\$165,117.72	20,712	4,251,072	3.0¢

STATE-WIDE FOOD BANK NETWORK

Fact Sheet

***** RESULTS *****

For every dollar spent, \$12.72 will be generated through surplus food which will feed 87,804 hungry Montanans.

$$\frac{\$318,000.00 \text{ food collected}}{\$25,000.00 \text{ projected cost}} = \$12.72$$

EXISTING
FOOD BANKS

The existing Food Banks in Montana are non-profit organizations which provide emergency food assistance to needy people. Food Banks provide an adequate and nutritional diet to people who are unemployed, have unexpectedly high medical or energy costs and other emergencies. Food is also given to non-profit agencies that serve the poor, elderly, young and the handicapped. These agencies' food dollars are stretched further so they can concentrate on other important programs for their clientele. Local businesses donate their surplus, out-dated and mispackaged food that cannot be marketed. Businesses can deduct from their taxes, as a charitable contribution, its wholesale cost plus half the mark-up price on items they donate. Food Banks are staffed by volunteers from the community.

FOOD BANK
NETWORK

This legislation would help to establish Food Banks where they do not presently exist, i.e., Billings, Butte, Glasgow, Glendive, Great Falls, Havre, Helena, Lewistown, Miles City and Missoula. These Food Banks would also serve their local areas and would establish satellite Food Banks in nearby, smaller towns as has been done with the existing Food Banks. With an operating network, more retailers and wholesalers could be solicited for food throughout the state. A network would also help gain acceptance into the national Second Harvest Food Bank System, which has access to national companies' donations of varied and large amounts of food. Donated trucking such as the state commodities trucking system and private trucking companies have and can be used to ship food from a donated central warehouse to outlying Food Banks. Following this one-time appropriation, Food Bank Managers and volunteers in each community would be responsible for their Food Banks and the network operation.

SURPLUS & SALVAGED FOOD COLLECTED

<u>1982 Results</u>	<u>Average</u>	<u>Projected Network Results (12 Food Banks x Average)</u>
Bozeman \$29,000.00		
Kalispell \$24,000.00	\$26,500.00	\$318,000.00

INDIVIDUALS SERVED THROUGH FOOD BOXES

<u>1982 Results</u>	<u>Average</u>	<u>Projected Network Results (12 Food Banks x Average)</u>
Bozeman 1497		
Kalispell 9686	5591	67,092

INDIVIDUALS SERVED THROUGH NON-PROFIT AGENCIES

<u>1982 Results</u>	<u>Average</u>	<u>Projected Network Results (12 Food Banks x Average)</u>
Bozeman 1726		
Kalispell --	1726	20,712

423

<u>NAME</u>	<u># Individuals Served</u>	<u>Dollar Value Of Food Cleaned & Donated</u>	<u>Seed Money</u>	<u>Community Donations</u>
1. Flathead Food Bank- six distribution points	Jan. 82 - Dec. 82 8,111	\$30,000.00	\$1,500.00	\$3,000.00
2. Polson Loaves & Fish Food Pantry	July 82 - Dec. 82 1,890	\$ 8,465.95	\$ 400.00	\$3,761.75
3. Libby Food Pantry	July 82 - Dec. 82 903	\$ 3,086.59	\$ 400.00	\$4,260.03
4. Tobacco Valley Food Pantry	December 1982 42	\$ 682.00	\$ 350.00	\$ 85.00
5. Thompson Falls Community Harvest	Jan. 82 - Dec. 82 160	\$ 556.48	\$ 100.00	\$ 625.00
TOTALS	<u>11,106</u>	<u>\$42,791.02</u>	<u>\$2,750.00</u>	<u>\$11,731.78</u>

876 *412*

not adopted

Proposed Amendments to HB 876 -

1. Page 3, line 2.

Strike: "\$1,000"

2. Page 3, line 4.

Following: "Conservation"

Insert: "the remainder of the interest in the account after any allocations made under HB 447, HB 334, and HB 108 up to \$250,000"

HOUSE BILL 885

TESTIMONY OF THE DEPARTMENT OF NATURAL RESOURCES
AND CONSERVATION

H.B. 885

AN ACT TO APPROVE THE ISSUANCE OF STATE OF MONTANA COAL SEVERANCE TAX BONDS TO FINANCE THE DEVELOPMENT OF CERTAIN STATE HYDROELECTRIC PROJECTS, THE REHABILITATION AND REPAIRS OF CERTAIN STATE PROJECTS, AND LOANS TO POLITICAL SUBDIVISIONS AND LOCAL GOVERNMENTS FOR CERTAIN APPROVED WATER DEVELOPMENT PROJECTS; TO APPROPRIATE COAL SEVERANCE TAX TRUST PROCEEDS FOR DEBT SERVICE; TO AUTHORIZE THE CREATION OF A STATE DEBT; AND TO PROVIDE AN IMMEDIATE EFFECTIVE DATE.

The Department supports this bill which will promote water development in the state. In 1981, S.B. 409 created a \$250 million coal severance tax bonding authority which can be used to finance water projects. These would be revenue bonds backed by the project revenues as well as by the constitutional trust fund. This bill presents requests of \$55.3 million for the sale of these bonds for the following:

- 1) The development of hydropower in three state-owned projects (\$45 million).
- 2) The rehabilitation of three state-owned projects (\$.5 million).
- 3) Nine (9) projects (currently approved by the House of Representatives) proposed by local government entities which are : four irrigation projects; two municipal water systems; and three rural water systems. (\$9.8 million).

This bonding authority is structured so that requests come directly to the legislature and the legislature determines how the bonds will be repaid. The law allows for the repayment to be made in whole or in part by the coal severance tax trust fund proceeds or in whole or in part by project revenues.

This bill as now amended and approved by the House provides for varying interest rates (State will repay at rate received on bond sale) on the various local government projects. The Department has information on repayment capacity available, which shows that some of these projects may have difficulty repaying an interest rate greater than those recommended, and some will be paying quite high monthly or per-acre rates even at these interest rates.

ESTIMATED PROJECT COST IMPACT—VARYING RATES OF INTEREST

(Big Bond Financing-30 Year Amortization)

PROJECT NAME	ESTIMATED PROJECT COST	BOND FUNDING REQUEST	RESIDUAL PROJECT FINANCING	INTEREST RATES	APPROXIMATE COST PER ACRE OR USER		
					CURRENT	PROJECT	TOTAL
City of Manhattan-Water & Sewer Project	\$690,000	\$300,000	\$390,000 E.P.A. Grant for Sewer	0%	Cost Per User Per Month		
				2%	420 Users @ \$12.24	\$1.98	\$14.22
				4%		\$2.66	\$14.90
				6%		\$3.44	\$15.68
				8%		\$4.32	\$16.56
				10%		\$5.29	\$17.53
				12%		\$6.31	\$18.55
Pondera County Conservation District Irrigation System Rehabilitation	\$1.78 Million	\$555,000	\$1,100,000 S.C.S. Cost Share & \$125,000 DNRC Grant	0%	Cost Per Acre Per Year		
				2%	75,727 Acres @ \$6.10	\$0.24	\$6.34
				4%		\$0.33	\$6.43
				6%		\$0.42	\$6.52
				8%		\$0.53	\$6.63
				10%		\$0.65	\$6.75
				12%		\$0.78	\$6.88
Roosevelt County Water Distribution System	\$1.915 Million	\$1.79 Million	\$125,000 DNRC Grant	0%	Cost Per User Per Month		
				2%	140 Users @ \$100.00	\$35.52	\$35.52
				4%		\$47.57	\$47.57
				6%		\$61.62	\$61.62
				8%		\$77.41	\$77.41
				10%		\$94.64	\$94.64
				12%		\$113.02	\$113.02
South Kremlin & Gildford Rural Water System	\$336,000	\$248,000	\$88,000 DNRC Grant	0%	Cost Per User Per Month		
				2%	28 Users @ \$100.00	\$24.60	\$24.60
				4%		\$32.96	\$32.96
				6%		\$42.68	\$42.68
				8%		\$53.62	\$53.62
				10%		\$65.56	\$65.56
				12%		\$78.30	\$78.30
City of Three Forks-Water Project	\$1.036 Million	Up To \$1.1 Million	Applying for a \$400,000 Community Develop. Grant	0%	Cost Per User Per Month		
				2%	580 Users @ \$3.60	\$5.27	\$8.87
				4%		\$7.06	\$10.66
				6%		\$9.14	\$12.74
				8%		\$11.48	\$15.08
				10%		\$14.04	\$17.64
				12%		\$16.77	\$20.37
Three Mile Bitterroot Irrigation Project	\$2.36 Million	\$1.18 Million	\$1,180,000 S.C.S. Cost Share	0%	Cost Per Acre Per Year		
				2%	3258 Acres @ \$11.00	\$12.07	\$23.07
				4%		\$16.17	\$27.17
				6%		\$20.95	\$31.95
				8%		\$26.31	\$37.31
				10%		\$32.17	\$43.17
				12%		\$38.42	\$49.42
						\$44.96	\$55.96

1 Does not reflect avoided costs from project construction.

2 Includes domestic and livestock use. Current costs zero if project constructed.

3 Does not include additional operating/maintenance costs after construction.

ESTIMATED PROJECT COST IMPACT—VARYING RATES OF INTEREST

(Big Bond Financing-30 Year Amortization)

PROJECT NAME	ESTIMATED PROJECT COST	BOND FUNDING REQUEST	RESIDUAL PROJECT FINANCING	INTEREST RATES	APPROXIMATE COST PER ACRE OR USER		
					CURRENT	PROJECT	TOTAL
City of Culbertson- Water Supply	\$1.229 Million	\$704,000	\$400,000 Community Develop. Grant & \$125,000 DNRC Grant	0%	Cost Per User Per Month		
				2%	405 Users @ \$10.40	\$4.83	\$15.23
				4%		\$6.47	\$16.87
				6%		\$8.38	\$18.78
				8%		\$10.52	\$20.92
				10%		\$12.87	\$23.27
				12%		\$15.37	\$25.77
East Bench Gravity Irrigation Project	\$4.383 Million	Up To \$4.383 Million	Possible Bureau of Rec. Zero % Loan for \$3.383 Mil	0%	Cost Per Acre Per Year		
				2%	6300 Acres @ \$6.00	\$23.19	\$29.19
				4%		\$31.06	\$37.06
				6%		\$40.23	\$46.23
				8%		\$50.54	\$56.54
				10%		\$61.80	\$67.80
				12%		\$73.80	\$79.80
East Bench Gravity Irrigation Project (Alternative 2)	\$3.230 Million	\$3.230 Million	And \$490,000 DNRC Grant	0%	Cost Per Acre Per Year		
				2%	6300 Acres @ \$6.00	\$17.09	\$23.09
				4%		\$22.89	\$28.89
				6%		\$29.65	\$35.65
				8%		\$37.25	\$43.25
				10%		\$45.54	\$51.54
				12%		\$54.39	\$60.39
City of Ennis- Sewage Treatment	\$600,000	\$180,000	75 % E.P.A. Grant	0%	Cost Per User Per Month		
				2%	330 Users @ \$3.25	\$1.52	\$4.77
				4%		\$2.03	\$5.28
				6%		\$2.63	\$5.88
				8%		\$3.30	\$6.55
				10%		\$4.04	\$7.29
				12%		\$4.82	\$8.07
Geraldine Rural Water System	\$1.858 Million	\$1.733 Million	\$125,000 DNRC Grant	0%	Cost Per User Per Month		
				2%	112 Users @ \$100 to \$150.00	\$1.52	\$4.77
				4%		\$2.03	\$5.28
				6%		\$2.63	\$5.88
				8%		\$3.30	\$6.55
				10%		\$4.04	\$7.29
				12%		\$4.82	\$8.07
Huntley Irrigation Project	\$180,000	\$162,000	\$18,000 DNRC Grant	0%	Cost Per Acre Per Year		
				2%	27,300 Acres @ \$12.50	\$2.20	\$12.70
				4%		\$2.26	\$12.76
				6%		\$3.34	\$12.84
				8%		\$4.43	\$12.93
				10%		\$5.53	\$13.03
				12%		\$6.63	\$13.13

- 1 Does not reflect avoided costs from project construction.
- 2 Includes domestic and livestock use. Current costs zero if project constructed.
- 3 Does not include additional operating/maintenance costs after construction.

MEMORANDUM

April 5, 1983

TO: Gary Fritz, Administrator
Water Resources Division

FROM: Water Development Bureau Staff

SUBJECT: Cost of subsidizing interest rate on coal severance tax bonds as proposed in H.B. 885

During a discussion with legislators regarding their proposed projects for the use of coal severance tax bonds, the question arose as to whether the 15% of the interest on the trust fund, which has been directed back to the body of the trust for this program, would be adequate to cover the costs of subsidizing the interest (to 2%) on the proposed projects.

The 15% will be \$3,421,235 in FY 84 and \$4,464,000 in FY 85. This number should be compared to costs of subsidizing a given number of interest points as shown below. For example, bonds sell at 10% and we subsidize to 2%, the average annual cost of subsidizing the 8% spread is \$620,530 (Table 1) if the original projects proposed in House Bill 885 by local governments are involved; and an additional \$255,717 (Table 2) if all proposed amendments are approved. If the State sells its bonds at 8% and if only the nine projects as approved by the House of Representatives are funded at the varying interest rates, the first year cost to the trust fund would be approximately \$245,000. (Table 4).

Table 1. Cost of subsidizing interest rate a given number of points if only the projects proposed by local government in HB 885 before amendments are included.

Number of Interest Points Paid by Trust Fund (i.e. difference between rate on bonds and amount paid by sponsor)	Annual Bond Debt Service	First Year Interest Payment	Total Interest Paid by Trust Fund	Average Annual Cost To Trust Fund
2%	\$ 499,271	\$ 223,638	\$3,796,230	\$ 125,541
3%	570,492	335,457	5,932,869	197,762
4%	646,650	447,276	8,217,614	273,920
5%	727,399	559,095	10,640,062	354,669
6%	812,353	670,914	13,188,689	439,623
7%	901,109	782,733	15,851,377	528,379
8%	993,260	894,552	18,615,889	620,530
9%	1,008,406	1,006,371	21,470,266	715,675
10%	1,186,168	1,118,190	24,403,133	813,438

Table 2. Cost of subsidizing the interest rate a given number of points if all proposed amendments for eleven additional projects are funded as proposed by local governments.

Number of Interest Points Paid by Trust Fund (i.e. difference between rate on bonds and amount paid by sponsor)	Annual Bond Debt Service	First Year Interest Payment	Total Interest Paid by Trust Fund	Average Annual Cost To Trust Fund
2%	\$ 205,747	\$ 92,160	\$1,564,405	\$ 52,147
3%	235,097	138,240	2,444,902	81,497
4%	266,481	184,320	3,386,433	112,881
5%	299,757	230,400	4,384,710	146,157
6%	334,766	276,480	5,434,986	181,166
7%	371,342	322,560	6,532,264	217,742
8%	409,317	368,640	7,671,504	255,717
9%	448,526	414,720	8,847,777	294,926
10%	488,813	460,800	10,056,395,	335,213

Table 3. Cost of subsidizing the interest rate a given number of points if all projects proposed by local government, and the rehabilitation of those proposed by state government, are included.

Number of Interest Points Paid by Trust Fund (i.e. difference between rate on bonds and amount paid by sponsor)	Annual Bond Debt Service	First Year Interest Payment	Total Interest Paid by Trust Fund	Average Annual Cost To Trust Fund
2%	\$ 523,833	\$ 234,640	\$3,982,987	\$ 132,766
3%	598,558	351,960	6,224,738	207,491
4%	678,463	469,280	8,621,881	287,396
5%	763,183	586,600	11,163,503	372,117
6%	852,317	703,920	13,837,511	461,250
7%	945,440	821,240	16,631,191	554,373
8%	1,042,123	938,560	19,531,703	651,057
9%	1,141,950	1,055,880	22,526,502	750,883

Table 4. Cost of subsidizing the interest rate a given number of points if only projects approved by the House of Representatives are included and bonds are sold at 8%.

Project Name	House Approved Interest Rate	Loan Request	Annual Project Bond Debt Service	Interest paid by Sponsors (30 yrs)	Interest Cost on Bonds Sold at 8%	Interest* Cost to Trust Fund (30 yrs)	Average* Annual Interest Cost to Trust Fund
City of Culbertson	5%	\$ 704,000	\$ 45,796	\$ 669,886	\$1,172,035	\$ 502,149	\$ 16,738
East Bench Irrigation	3%	3,230,000	164,792	1,713,766	5,377,378	3,663,612	122,120
Geraldine Rural Water	6.5%	1,733,200	132,724	2,248,521	2,885,471	636,950	21,232
Huntley Irrigation	6%	162,000	11,769	191,074	269,701	78,627	2,621
City of Noxon	5%	122,000	7,936	116,088	203,108	87,020	2,901
Pondera Co. CD.	6%	555,000	40,320	654,604	923,977	269,373	8,979
Roosevelt Rural Water	6.5%	1,790,000	137,074	2,322,209	2,980,033	657,824	21,927
South K & G Rural Water	6.5%	336,035	25,733	435,946	559,439	123,493	4,116
Three Mile Irrigation	3%	1,180,000	60,203	626,082	1,964,491	1,338,409	44,614
TOTALS	\$	9,812,235	\$ 626,347	\$8,978,176	\$16,335,635	\$7,357,457	\$245,248

*Interest Cost to Trust Fund is equal to the Interest Cost on Bonds Sold, minus, Interest Paid by Project Sponsors.

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CITY OF THREE FORKS FACT SHEET/HB 885

1. The City has been directed by the MDHES to correct a water quality problem (excess arsenic) by January, 1984.
2. Engineering studies were performed in 1980, by Thomas, Dean & Hoskins to determine; required improvements to the City of Three Forks' water system, the costs, and the feasibility. The required improvements include a new water supply, repairs to an existing storage tank, repairs to the existing distribution system, and a new storage tank.
3. The need for the improvements to Three Forks' water system is immediate. The needs and the solutions are documented by studies performed by registered professional engineers.
4. The City of Three Forks has conducted the engineering studies to establish needs, costs and solutions at its own expense.
5. The rate of interest and term of loan as proposed in HB 885 should not be considered as a "gift", but as an investment to allow for better development of water resources, more beneficial use of the resource, increased efficiency in the use of the water resource, and storage of water for existing and future beneficial uses.
6. The City of Three Forks has had extreme difficulty in finding investors on the open market to purchase bonds for needed capital improvements. They have paid as much as 14-1/2% interest on public works bond sales. This funding method (HB 885) can make additional needed improvements feasible.
7. The use of funds made available from this bill will not detract from any other state agency's funding ability. The law established by SB 409 (1981) specifically provides that funds be set up for this purpose. The funds established in that law cannot be used for any other purpose.
8. SB 409 (1981) did not require pre-approval of any project by any state agency or department. The approval of this project should stand on its own merits and should not be determined by comparison with other projects that may or may not have been reviewed by other administrative departments.
9. HB 885 on behalf of the request from the City of Three Forks will implement an existing law that was overwhelmingly approved by the 1981 legislature (43 - 6 Senate; 93 - 0 House).
10. If further documentation of the feasibility of the project is deemed necessary by a state department, it can be accomplished after legislation is passed and prior to the bond sale.
11. If the project was to be ranked on the same system as the other water development projects, it would score 45 - 65 points. The highest score in those projects reviewed in the water development program was 56. A score of 45 would place the project 21st in priority out of 83.
12. Although monthly consumer costs appear to be low compared to those on rural systems, numerous other costs occur to city residents that do not occur for rural residents, i.e., sewer use rates, city taxes, SID's, etc.

up 3
TOWN OF MANHATTAN FACT SHEET/HB 885

1. The Town has been directed by the EPA to correct a water quality problem (sewage treatment).
2. Engineering studies were performed from 1975 - 1983, by Thomas, Dean & Hoskins, Inc., to determine: required improvements to the Town of Manhattan's sewage treatment system, the costs, and the feasibility. A study was done by Thomas, Dean & Hoskins, Inc., in 1981, to determine needs, costs and feasibility of water system improvements.
3. The need for the improvements to Manhattan's sewage treatment system is immediate. The needs and the solutions are documented by studies performed by registered professional engineers, and approved by EPA. The improvements to the water system will promote conservation of the water resources and energy and restore land to agricultural use.
4. The Town of Manhattan has conducted the engineering studies to establish needs, costs and solutions at its own expense.
5. The rate of interest and term of loan as proposed in HB 885 should not be considered as a "gift", but as an investment to allow for protection and conservation of the downstream water resource, more beneficial use of the resource, and increased efficiency in the use of the water resource.
6. Towns such as Manhattan have had extreme difficulty in finding investors on the open market to purchase bonds for needed capital improvements. This funding method (HB 885) can make additional needed improvements feasible.
7. The use of funds made available from this bill will not detract from any other state agency's funding ability. The law established by SB 409 (1981) specifically provides that funds be set up for this purpose. The funds established in that law cannot be used for any other purpose.
8. SB 409 (1981) did not require pre-approval of any project by any state agency or department. The approval of this project should stand on its own merits and should not be determined by comparison with other projects that may or may not have been reviewed by other administrative departments.
9. HB 885, on behalf of the request from the Town of Manhattan, will implement an existing law that was overwhelmingly approved by the 1981 Legislature (43 - 6 Senate; 93 - 0 House).
10. If further documentation of the feasibility of the project is deemed necessary by a state department, it can be accomplished after legislation is passed and prior to the bond sale.
11. If the project was to be ranked on the same system as the other water development projects, it would score 46 - 60 points. The highest score in those projects reviewed in the water development program was 56. A score of 46 would place the project 20th in priority out of 83.
12. Although monthly consumer costs appear to be low compared to those on rural systems, numerous other costs occur to city residents that do not occur for rural residents, i.e., sewer use rates, city taxes, SID's, etc.

Sen Lane
4/17
Proposed Amendment to HB 885

1. Page 3, following line 15.

Insert: "(c) Three Forks water system improvement;
(d) Manhattan wastewater treatment system improvement;
(e) Manhattan water system capital improvement;"

Renumber: subsequent subsections

2. Page 4, line 5.

Following: "IMPROVEMENT"

Insert: "; (o) Belgrade water system improvement"

3. Page 9, line 1.

Strike: "\$11,524,281"

Adjust total according to any amendments adopted.

4. Page 10, following line 9.

Insert: "(a)(i) Bonds to a maximum amount of \$1,100,000 may be issued for a loan to the city of Three Forks for the purpose of financing improvements in the city's water system.

(ii) The project, which will rehabilitate existing components of the city water system and change the source of the water supply from the Madison River drainage to the Jefferson River drainage, is needed to resolve the health hazard in the city's existing water supply caused by excessive levels of arsenic.

(iii) The loan must be repaid at a 6 1/2% interest rate.

(b)(i) Bonds to a maximum amount of \$130,000 may be issued for a loan to the city of Manhattan for the purpose of financing improvements in the city's wastewater treatment system.

(ii) The project is needed because the existing city wastewater stabilization ponds provide inadequate treatment to meet future effluent limitations.

(iii) The loan must be repaid at a 6 1/2% interest rate.

(c)(i) Bonds to a maximum amount of \$170,000 may be used for a loan to the city of Manhattan for the purpose of financing capital improvements in the city's water system.

(ii) The project is needed for promotion of conservation of water by encouraging city water customers to use less water and for rehabilitation of the water system.

(iii) The loan must be repaid at a 6 1/2% interest rate.

Renumber: subsequent subsections

5. Page 14, following line 18.

Insert: "(m)(i) Bonds to a maximum amount of \$1,235,000 may be issued for a loan to the city of Belgrade for the purpose of financing improvements in the city's water system.

(ii) The project, which will rehabilitate existing components of the city water system, construct an additional well to supply the water system, and install residence meters, is needed to meet the demands of the city's growing population and to conserve the available water for future use.

(iii) The loan must be repaid at a 6 1/2% interest rate."

II

be financed thru lending,
backed by water development
fund of coal trust. Interest
will be at 6% and the
Canal Company will
raise its rate to make
the necessary payments.
Thank you for your time
and I will be on hand
to supply further information
if you so desire.

Respectfully
Melvin Underdahl

To the Finance and
Claims Committee on
behalf of H B 885

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For the record I am Rep.

Melvin Underdahl co-sponsor
of H B 885 and for the sake of
time and to avoid repetition
I would present the written
testimony. As co-sponsor for the
Lower Brill Creek watershed plan
line 34 (K) page 3 to rehabilitate
and repair structures on a 76 acre
irrigation system in Pondera Co. I
would urge the committee to give
a favorable report to H B 885. In
addition to furnishing the canal
system to irrigate and supply
drinking water to numerous the
Pondera Canal Co also supplies the
city of Conrad with water and
follies of the system would
jeopardize the city supply of water
I think will give more detailed
testimony as to need and reason
for same. The dam will

STANDING COMMITTEE REPORT

April 12 19 83

MR. President

We, your committee on Finance and Claims

having had under consideration House Bill No. 447

Bardanouve

Himsel

Respectfully report as follows: That House Bill No. 447,
third reading, blue bill be amended as attached.

J.C.