

MINUTES OF THE MEETING
NATURAL RESOURCES SUBCOMMITTEE
MONTANA STATE
HOUSE OF REPRESENTATIVES

February 5, 1985

The meeting of the Natural Resources Subcommittee was called to order by Chairman Rex Manuel on February 5, 1985 at 8:05 a.m. in Room 132 of the State Capitol building.

ROLL CALL: All members were present.

DEPARTMENT OF COMMERCE

(Community Development Division/Hard Rock Mining)

Grants: Curt Nichols (42:B:016), Principal Analyst, said the Metal Mines Tax funds the Hard Rock Mining Board.

Representative Spaeth made a motion to approve the LFA's budget of \$565,925 in FY '86 and \$631,947 in FY '87 for this and adjust. Representative Swift seconded. A Voice vote was taken and the motion carried unanimously.

Contracted Services - Local Conflicts: Representative Spaeth made a motion to approve the Governor's reductions of \$7,456 in FY '86 and \$4,256 in FY '87. Representative Nathe seconded. A Voice vote was taken and the motion carried unanimously.

Miscellaneous/Inflation/2% reduction: Representative Nathe made a motion to approve the Governor's budget of \$580 more in FY '86 and \$872 more in FY '87 than the LFA current level for Miscellaneous, \$1,825 more in FY '86 and \$979 more in FY '87 more than the LFA current level in Inflation, and \$2,872 in FY '86 and \$2,649 in FY '87 for the 2% reduction. Representative Spaeth seconded. A Voice vote was taken and the motion carried unanimously.

Representative Spaeth made a motion to approve a biennial appropriation for this. Senator Lane seconded. A Voice vote was taken and the motion carried unanimously.

(Community Assistance/Coal Board)

Coal Tax Estimates: Representative Spaeth made a motion to approve the LFA's budget of \$8,768,000 in FY '86 and \$8,315,500 in FY '87. Representative Swift seconded. A Voice vote was taken and the motion carried unanimously.

Reallocation of Coal Tax: Mr. Nichols said this is a proposal by the Executive budget to change the allocation that goes to the Coal Board from eight and three quarters percent of the Coal Tax to 5%. The other portion would be put in with the Public School Funds.

Representative Swift made a motion to not approve reallocation at this time. Senator Boylan seconded. A Voice vote was taken and the motion carried unanimously.

Travel Increase: Mr. Nichols (42:B:142) said there is about \$13,500 a year in the current budget for travel.

Discussion was held.

Keith Colbo (42:B:190), Director, Department of Commerce, said there is a bill being introduced to combine the Hard Rock Mining Board and the Coal Board into a combined impact board.

This money would be used for travel to Board meetings.

Discussion was held.

Representative Swift made a motion to approve the additional \$3,536 in FY '86 and \$6,349 in FY '87 for travel. Senator Lane seconded. A Voice vote was taken. The motion carried with Representative Spaeth and Representative Nathe voting no.

Miscellaneous/Inflation/2% reduction: Representative Nathe made a motion to approve the Governor's budget of \$2,885 more in FY '86 and \$2,701 more in FY '87 than contained in the LFA current level for Miscellaneous, \$2,661 more in FY '86 and \$2,701 more in FY '87 than included in the LFA current level for Inflation, and \$4,009 in FY '86 and \$3,858 in FY '87 for the 2% reduction. Senator Boylan seconded. A Voice vote was taken and the motion carried unanimously.

(Community Assistance/Community Development)

Travel Increase: This money would be used for travel to go out and look at the projects they will be making grants to. The funds for this are part General Fund and part Federal Funds from the Community Development Block Grants.

Discussion was held.

Representative Spaeth made a motion to allow the travel increase of \$11,611 in FY '86 and \$11,611 in FY '87. Senator Lane seconded. A Voice vote was taken and the motion carried unanimously.

Contracted Services/Land Planning Grants: Discussion was held.

Representative Spaeth made a motion to approve the Governor's budget of a \$65,417 reduction in FY '86 and \$65,417 reduction in FY '87 for Contracted Services and \$414,117 in FY '86 and \$414,117 in FY '87 for Land Planning Grants. Representative Nathe seconded. A Voice vote was taken. The motion carried with Representative Swift and Senator Boylan voting no.

Miscellaneous/Inflation: Representative Nathe made a motion to approve the Governor's budget of \$2,065 less in FY '86 and \$3,517 less in FY '87 than contained in the LFA current level. Representative Spaeth seconded. A Voice vote was taken and the motion carried unanimously.

Norm Rostocki, Office of Budget Program and Planning (OBPP), handed out Exhibit "VVV" on Local Government Block Grants.

Mr. Nichols said the Mineral Royalties were about \$20,000,000 per year. This is split 62.5% for Public Schools and 37.5% for Highways. This proposal would pull \$3 million off the top of the 37.5% and put the rest into the Public School program.

(Local Government Audit)

District Court Aid: This is the Governor's proposal to increase the State Assistance to District Courts.

Discussion was held.

See Exhibit "WWW".

George Pendergast (43:A:001), Administrator, Local Government Services Division, Department of Commerce, said if the State is underfunded the balance is paid by the counties.

Discussion was held.

Mr. Pendergast said the urban areas take most of the grants.

Representative Spaeth made a motion to approve \$1,560,000. This would be an increase of \$185,000 each year. This money will be line itemed to be changed if the bill revising court aid passes. Representative Swift seconded. A Voice vote was taken and the motion carried unanimously.

Miscellaneous/ Inflation/ 2% reduction: Representative Nathe made a motion to approve the Governor's budget of \$1,172 more in FY '86 and \$4,284 more in FY '87 than is contained in the LFA current level for Miscellaneous, \$252 less in FY '86 and \$2,838 less in FY '87 than is contained in the LFA current level for Inflation, and \$20,462 in FY '86 and \$20,880 in FY '87 for the

2% reduction. Senator Boylan seconded. A Voice vote was taken and the motion carried unanimously.

(Accounting and Management Systems)

Miscellaneous/Inflation/2% reduction: Representative Nathe made a motion to approve the Governor's budget of \$110 less in FY '86 and \$121 less in FY '87 than is contained in the LFA current level for Miscellaneous, \$563 less in FY '86 and \$2,280 less in FY '87 than is contained in the LFA current level for Inflation, and \$7,362 in FY '86 and \$7,807 in FY '87 for the 2% reduction. Senator Boylan seconded. A Voice vote was taken and the motion carried unanimously.

(Indian Affairs Coordinator)

Develop Computer Information Base: Discussion was held.

Representative Spaeth made a motion to approve \$2,000 each year of the biennium for the computer information base. Senator Lane seconded. A Voice vote was taken and the motion carried unanimously.

Travel Increase: Louie Clayborn (43:A:444) said he must travel all over the State and out of State.

There was a \$13,000 base for travel in FY '85.

Discussion was held.

Senator Lane made a motion to approve \$2,000 in FY '86 and \$2,000 in FY '87 for travel increases. Representative Spaeth seconded. A Voice vote was taken. The motion carried with Representative Swift and Representative Nathe voting no.

Miscellaneous/Inflation: Representative Nathe made a motion to approve the LFA's budget of \$36 less in FY '86 and \$87 less in FY '87 than is contained in the Governor's budget for Miscellaneous and \$679 less in FY '86 and \$310 less in FY '87 than is contained in the Governor's budget for Inflation. Senator Boylan seconded. A Voice vote was taken and the motion carried unanimously.

(Director's Office)

Personnel Grade and Step Increases: Discussion was held.

Representative Spaeth made a motion to approve \$6,790 in FY '86 and \$6,793 in FY '87 for these increases. Senator Lane seconded. A Voice vote was taken. The motion did not pass with Representative Nathe, Representative Swift and Senator Boylan voting no.

Senator Boylan made a motion to approve \$3,395 in FY '86 and \$3,396 in FY '87. Representative Nathe seconded. A Voice vote was taken. The motion did not pass with Representative Swift, Representative Spaeth and Representative Manuel voting no.

Andy Poole (43:B:065), Acting Management Services Administrator, said there were two programmers on staff. One of the programmers chose to take a vacant position in the Department of Administration after the LFA's cut off date in the beginning of August. They upgraded the other programmer, who was a grade below, to fill the vacancy created by the person transferring. They then hired another programmer who was already at a higher step level.

Representative Swift made a motion to disallow this request. Senator Boylan seconded. A Voice vote was taken. The motion did not pass with Representative Spaeth, Senator Lane and Representative Manuel voting no.

Representative Spaeth made a motion to approve \$4,500 each year. Senator Boylan seconded. A Voice vote was taken. The motion carried with Representative Swift voting no.

Training: This is basically for training new employees in the Department.

Senator Lane made a motion to approve \$1,237 in FY '86 and \$1,237 in FY '87 for this training. Representative Swift seconded. A Voice vote was taken and the motion carried unanimously.

Computer Processing: This is a charge from the Department of Administration to use the main frame computer.

Representative Swift made a motion to approve the request for \$3,580 in FY '86 and \$3,580 in FY '87. Senator Boylan seconded. A Voice vote was taken. The motion carried with Representative Nathe voting no.

Travel Increase: Discussion was held.

Senator Lane made a motion to approve \$2,000 per year for travel. Representative Nathe seconded. A Voice vote was taken and the motion carried unanimously.

Equipment: Mr. Nichols said the Governor's budget allowed for the purchase of a high speed printer for \$7,500 in FY '86. The LFA's budget allowed for a letter quality printer for the Management Services Division for about \$2,500 in FY '86. The LFA's budget allowed \$1,500 for a communications package that is not included in the Governor's budget in FY '87.

Discussion was held.

Representative Nathe made a motion to approve the Governor's budget of \$10,150 in FY '86 and \$1,300 in FY '87. Representative Spaeth seconded. A Voice vote was taken and the motion carried unanimously.

Miscellaneous: Representative Nathe made a motion to approve the Governor's budget of \$869 less in FY '86 and \$1,053 less in FY '87 than is contained in the LFA current level for Miscellaneous.

Inflation: Representative Nathe made a motion to approve the LFA's budget of \$771 less in FY '86 than the Governor's budget and the Governor's budget of \$529 in FY '87 less than the LFA current level.

2% reduction: Representative Nathe made a motion to approve the Governor's budget reductions of \$12,841 in FY '86 and \$12,841 in FY '87.

Representative Swift seconded all three motions. A Voice vote was taken and the motions carried unanimously.

Modified:

PERS for Director: Mr. Colbo said this is not important to him at this time.

Deputy Director: Discussion was held.

Mr. Nichols (44:A:019) said the Deputy Director has been authorized on a temporary basis and is being cut out of the budget this year. What the Department is asking for is to make this a permanent position. The current level and the Executive budget don't reflect this position.

Sam Hubbard, Acting Deputy Director, Management Services, said they are proposing to have the Deputy Director position, the Management Services Administrator and have a Management Analyst position.

Discussion was held.

Representative Swift made a motion to approve 1 FTE and leave it up to the Director as to which position that will be. Senator Lane seconded. Discussion was held.

Representative Swift amended his motion to include .50 FTE for a Clerk. A Voice vote was taken. The motion carried with Representative Spaeth and Representative Manuel voting no.

(Legal Services)

Legal Expenses (Public Contractor): Discussion was held.

The Committee decided to come back to this.

Miscellaneous/Inflation/2% reduction: Senator Smith made a motion to approve the Governor's budget of \$1,091 less in FY '86 and \$2,131 less in FY '87 than the LFA current level for Miscellaneous, \$1,134 more in FY '86 and \$801 more in FY '87 than in the LFA current level for Inflation, and \$5,200 in FY '86 and \$5,200 in FY '87 for the 2% reduction. Senator Lane seconded. A Voice vote was taken and the motion carried unanimously.

Modified:

Emergency Cease and Desist: Brint Markle (44:A:254), Chief Counsel, Legal Services Unit, said this request for \$5,200 would be used to generate more cooperation with local authorities. This would be money used for investigation when they have a fraud going on.

Mr. Markle said they would attempt to be self-funding after getting started.

Mr. Markle discussed a bill he has presented on this.

Mr. Markle said if the bill doesn't pass he would like to have spending authority or a fund created in case he got civil penalties in the future. The Cease and Desist bill sets up that authority and then sets up a fund to put this money in to.

Discussion was held.

Senator Smith asked if the person getting defrauded would get reimbursed? Mr. Markle said he would want to get their money back by getting voluntary compliance or by taking them to court.

Discussion was held.

Representative Swift made a motion to delay action on this until any action is taken on the bill. Senator Smith seconded. A Voice vote was taken and the motion carried unanimously. This is Senate Bill 252.

(Business License and Regulation Division Support)

Curt Nichols (44:A:535) said they propose in the budget analysis that one option of this program is to eliminate it. This is an Administrative unit that is separate from the Director's Office in Management Services that has an administrative responsibility for Weights and Measures, Milk Control and Professional

Licensing Boards. The LFA questions if consolidation within these three units would replace the need for this program.

Discussion was held.

Isabelle Pistelak, Administrator, Business and Professional Licensing Division, said it would be detrimental to the Department if this was eliminated at this time due to the fact they will be doing a reorganization. Ms. Pistelak said they will possibly remove one level of management at the agency's discretion during the reorganization.

Discussion was held.

Representative Spaeth made a motion to take no action on this at this time and encourage Mr. Colbo to look in to consolidation of these programs. Senator Lane seconded. A Voice vote was taken and the motion carried unanimously.

Increased Legal Fees: They are anticipating more legal expenses with the addition of new Boards.

Representative Swift made a motion to approve the additional \$690 each year of the biennium for these legal fees. Representative Spaeth seconded. A Voice vote was taken and the motion carried unanimously.

Travel Increase: They would like to attend a National Professional and Occupational Licensing meeting. This would be out of state and would cost about \$1,900. The rest of the travel they do is in state.

Discussion was held.

Mr. Colbo (44:B:094) said they are trying to improve the ability of the professionals to monitor themselves.

Ms. Pistelak said the \$1,900 a year travel would be funded by 28% General Fund, 58% POL Boards (earmarked revenue) and 14% from Milk Control (earmarked revenue).


Senator Lane made a motion to approve \$2,000 a year in the next biennium for travel. Representative Spaeth seconded. A Voice vote was taken and the motion carried unanimously.

Inflation/Miscellaneous/2% reduction: Representative Nathe made a motion to approve the Governor's budget of \$172 more in FY '86 and \$65 more in FY '87 than is in the LFA current level for Inflation, \$318 less in FY '86 and \$309 less in FY

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'87 than the LFA current level for Miscellaneous and \$1,262 in FY '86 and \$1,241 in FY '87 for the 2% reduction. Representative Swift seconded. A Voice vote was taken and the motion carried unanimously.

Meeting adjourned at 11:35 a.m.


Representative Rex Manuel
Chairman

NATURAL RESOURCES SUBCOMMITTEE

Date 2-5-85

CS-30

LOCAL GOVERNMENT BLOCK GRANT

The executive proposal for funding the local government block grant (LGBG)

embraces several assumptions:

1. a 3¢/gallon gas tax is passed with the proceeds to go to the Dept. of Highways.
2. that the required level of motor vehicle replacement fees will grow at the rate of 2.5%/year.
3. the executive oil severance tax estimate is used.
4. the state is able to assume the 8¢ per pack cigarette tax.
5. the general fund remains at the current level of \$3 million over the biennium.

Under this set of assumptions, the LGBG would be funded as is diagramed below.

FUNDING SOURCES

GENERAL FUND	\$3 million
MINERAL ROYALTIES	\$3 million
OIL SEVERANCE TAX	<u>\$23,964,000</u>
	\$29,964,000
ANTICIPATED NEED	<u>\$34,341,801 *</u>
SHORTFALL	\$4,441,801

*The need was estimated by using the required reimbursement actually paid in fiscal 1984, and applying a 2.5% increase per year. FY 84=\$16,141,739

Under title 7, part 3, MCA, it is required that one-third of the oil severance tax be used for the LGBG, along with any other funds appropriated to the special account. Last session, it was anticipated that the \$3million and the oil severance tax would be sufficient to replace the vehicle fees. Due to declining oil prices, this will not be sufficient in the 1987 biennium. This same section of law also states that the minimum reimbursement be sufficient to cover the motor vehicle fees.

DISTRICT COURT GRANT ASSISTANCE

COMPARISON OF REQUESTS WITH APPROPRIATIONS

Fiscal Years 1981 thru 1984

<u>Fiscal Year</u>	<u>Original Requests</u>	<u>Audit Adjustments</u>	<u>Adjusted Requests</u>	<u>Appropriations Available</u>	<u>Reversions</u>	<u>Percentage of Requests Funded</u>
1984	1,701,213.00	(133,028.00)	1,568,185.00	1,375,000.00		87.68%
1983	1,600,505.00	(291,664.00)	1,308,841.00	1,375,000.00	66,159.00	100.00%
1982	1,277,747.00	(201,985.00)	1,075,762.00	375,000.00		34.86%
1981	605,131.00	(44,178.00)	560,953.00	375,000.00		66.85%

NOTE: Information compiled by the Department of Commerce

NATURAL RESOURCES SUB COMMITTEE

DATE February 5, 1985

[illegible]

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.