

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

February 12, 1985

The meeting of the Natural Resources Subcommittee was called to order by Vice-Chairman Boylan on February 12, 1985 at 8:10 a.m. in Room 132 of the State Capitol.

ROLL CALL: All members were present with the exception of Chairman Manuel who was excused.

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

(Energy Planning)

Vacancy Savings: The OBPP did not apply Vacancy Savings to part of the personnel in this division. The LFA applied Vacancy Savings to the whole division at 4%.

The LFA took Vacancy Savings out of the General Fund. The OBPP allocated the Vacancy Savings amongst the funds from which the Department pays Personal Services.

Discussion was held.

Curt Nichols, Principal Analyst, said there are four sections in this program. The Administrative Section is fully funded with General Fund in the LFA budget. Planning and Analysis is fully funded with General Fund, Facility Siting is fully funded with General Fund except for \$1,000,000 of Blanket Siting Fee Authority and Conservation and Renewable Resources is funded with Federal funds and a small amount of General Fund in the LFA's budget.

Bob Robinson, Deputy Director, DNRC, (52:B:264) said there are 38 FTE's in this division. Mr. Robinson said 17 3/4 of the FTE's are in General Funded functions. The remaining 19 are supported by Federal and earmarked funds.

Discussion was held.

Representative Spaeth made a motion to allocate the Vacancy Savings through the different funds and have Mr. Nichols get together with the Department and come up with the figures of the exact amounts of each of the different funds. Representative Swift seconded.

Discussion was held.

Representative Spaeth withdrew his motion.

The OBPP took 2% of Vacancy Savings out of the General Fund.

Discussion was held.

Representative Swift made a motion to approve the LFA's budget.

Discussion was held.

When Federal funds come in it is required that 23% administrative cost is taken. About 4 or 5% of that goes into Centralized Services to service that Federal program and the rest goes into the General Fund.

Senator Boylan made a motion to take Vacancy Savings out of Federal and earmarked funds.

Discussion was held.

Earmarked funds are for Alternative Energy, Research and Development demonstration and the Federal programs are tied by contract to a particular function that is related to energy conservation. Planning and Analysis and Facility Siting do not do this.

Discussion was held.

Mr. Robinson said there is contractual language that prohibits them from taking Federal funds and putting them into non-energy conservation related functions or putting the earmarked funds into Facility Siting and Planning and Analysis.

No General Fund is taken out of Energy for Science and Technology.

Ron Weiss, Office of Budget Program and Planning (OBPP) said they do not take Vacancy Savings out of Federal funds because it goes back to the Federal Government for distribution in the States.

Representative Swift rescinded his motion.

The Committee decided to come back to this.

Larry Fasbender (53:A:400) said they could use ending fund balance in the alternative energy account and take \$1,000,000 a year out of the 4.5% from the Coal Severance Tax that was allocated to the Alternative Energy Program for the start up of the Science and Technology program. If after two years Science and Technology would go somewhere else for funding or the program would be discontinued.

If the Legislature does not pass the Science and Technology program that money would still be available for use in other areas.

Mr. Fasbender said they are recommending that a portion of the funds that were previously used in grants and loans programs would be put in to retrofitting of State buildings so savings could be realized on a long term basis by saving energy.

Mr. Fasbender said there was \$6,291,878 appropriated in the last biennium for the Alternative Energy program. They are suggesting that be reduced to \$3,450,000. That would free up approximately \$3,000,000 for Science and Technology. This would allow a base operation of about \$750,000 per year and it allow them to continue with some of the grant and loan programs they currently have on going.

Mr. Fasbender said about \$450,000 to \$500,000 per year has actually been put into retrofit. There are about 1,000 buildings in need of retrofit. Mr. Fasbender said they are trying to show it is worthwhile for public commercial buildings to do retrofits. Through a monitoring process they can show how much it costs, the best way of doing the retrofits and how much they can actually save. They are only going to be doing the buildings that will have a short term payback. These would be the buildings that will recover the costs of putting the money into retrofitting in three to five years.

Mr. Fasbender said there is a 50-50 match between the Coal Tax Trust fund and the business community for Science and Technology.

Mr. Fasbender said \$4.4 million dollars comes out of the Coal Trust fund for Alternative Energy. This would be about \$2.1 million in FY '86 and \$2.3 million in FY '87. Mr. Fasbender said they are suggesting that in conjunction with the ending fund balance they could reduce their program to about \$1.7 million a year and free up \$3,000,000 from the ending fund balance and \$1,000,000 per year from the 4.5% of the Severance Tax that generates the \$4.4 million. They would put this \$1,000,000 each year into Science and Technology. In addition to that they would take about \$500,000 each year out of the \$1.3 million ending fund balance and put it into the Science and Technology program.

Discussion was held.

Senator Boylan made a motion the Subcommittee put in a request to the Legislative Counsel for a bill draft to allow the DNRC to redirect the Alternative Energy program for \$3,000,000. Senator Lane seconded. A Voice vote was taken and the motion carried unanimously.

Computer Processing Increase and Travel: The money in this increase would be used to analyze petroleum data they are currently being supplied with.

Discussion was held.

Senator Boylan made a motion to disallow this request for an additional \$5,454 in FY '86 and \$9,014 in FY '87 for computer processing and approve the LFA's budget of \$6,187 in FY '86 and \$6,187 in FY '87 for Travel. Representative Spaeth seconded. A Voice vote was taken. The motion carried with Representative Nathe voting no.

Miscellaneous and Inflation: Representative Nathe made a motion to approve the LFA's budget of \$1,546 less in FY '86 and \$1,945 less in FY '87 for Miscellaneous than is contained in the executive budget and \$7,043 less in FY '86 and \$2,034 less in FY '87 for Inflation than is contained in the executive budget. Representative Swift seconded. A Voice vote was taken and the motion carried unanimously.

Modified:

Residential Standards Program (RSDP): This is a Federal program authorized in the last beinnium. It is phasing out in this biennium.

Discussion was held.

Representative Nathe made a motion to disallow the request for 3 FTE's and \$276,328 in FY '86 and \$33,484 in FY '87. Senator Boylan seconded.

Discussion was held.

Representative Spaeth made a substitute motion to approve this request and when the money is gone the program be phased out. Senator Lane seconded. A Voice vote was taken and the motion carried with Representative Nathe voting no.

Facility Siting Bureau: Mr. Robinson (54:A:053) said the Siting Act fees are not sufficient to cover their full costs in doing analysis. There is a bill up to increase the Siting Act fees for the smaller projects so they won't have to subsidize these with General Fund.

Laurence Siroky (54:A:99) said they need to maintain a core staff to carry out incoming projects.

Mr. Siroky said they are required to do construction monitoring.

Mr. Siroky said they need to maintain a core staff that has experience in contracting, working with energy companies and working with environmental groups.

Mr. Siroky said they need the General Fund to fund the core staff.

Discussion was held.

Mr. Fasbender said what they need is General Fund money to keep their core staff in existence. He does not have any objection to placing language in this that states as project fees come in and the core staff works on those projects that the money is accounted for on an hour by hour basis and they would revert General Fund monies to the extent the core staff works on those projects.

Representative Spaeth made a motion of Mr. Fasbender's request with the understanding it be for a two year period and be brought back as an issue in the next session. Discussion was held. Senator Lane seconded the motion with the stipulation that if the Committee comes back in three weeks and they can't get the budget balanced that the two FTE's go and the \$40,000 will be cut. Discussion was held. A Voice vote was taken and the motion carried unanimously.

Rock Creek: Mr. Fasbender (54:A:602) said they need authorization to spend these funds in accordance with the way the trust is set up. They are trying to reach an agreement with Fish, Wildlife and Parks, Trout Unlimited and the other people involved in this.

Senator Lane made a motion to approve \$1,650,000 in FY '86 for this.

Discussion was held.

This money came from a settlement from a power line crossing Rock Creek.

The Forest Service came up with the figure of \$1,650,000 for purchase of land and easements to fishing access.

The Board of Natural Resources will decide how the money is spent.

Representative Swift recommended the DNRC present a list of what the money will be spent for.

Discussion was held.

Representative Spaeth seconded Senator Lane's motion with the stipulation that no state funds be spent for administering this program. A Voice vote was taken. The motion carried with Representative Swift voting no.

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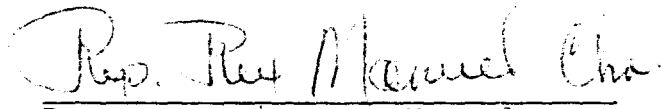
Lake Broadview: They are asking for authority to spend \$113,000 in FY '86 or FY '87.

Senator Smith made a motion to approve spending of \$113,000 in this biennium. Senator Lane seconded. A Voice vote was taken and the motion carried unanimously.

Oil Overcharge Monies: They have a budget modification in for \$11,000 for Amoco money in FY '85. There are no oil overcharge monies anticipated coming in.

Mr. Robinson presented Exhibit "CCCC" on Loan and Grant authorization.

Meeting adjourned at 11:30 a.m.


Representative Rex Manuel
Chairman

DAILY ROLL CALL

NATURAL RESOURCES SUBCOMMITTEE

49th LEGISLATIVE SESSION -- 1985

Date 2-12-85

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LOAN AUTHORIZATIONS

G.O Water Development	2,300,000
Coal Severance Tax Bonds - WD	10,485,000
Renewable Alternative Energy	4,344,000
Rangeland Loans	714,450
RRD Loans (350,000)	<u>125,000</u>
	17,968,450

<u>Funding:</u>	<u>FY 86</u>	<u>FY 87</u>
01100 General Fund - 13%	3,328	2,704
02435 Water Development - 59%	15,104	12,272
02437 RAE - 24%	6,144	4,992
02052 Rangeland - 4%	<u>1,024</u>	<u>832</u>
	25,600	20,800

NATURAL RESOURCES SUB COMMITTEE

DATE February 12, 1985

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PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.