

MINUTES OF THE MEETING
FINANCE AND CLAIMS COMMITTEE
MONTANA STATE SENATE

January 18, 1985

The 2nd meeting of the Senate Finance and Claims Committee met in room 108 of the State Capitol on the above date.

ROLL CALL: Roll call was taken and all members were present except Senator Story.

Senator Regan declared a quorum present and the meeting was called to order at 4:15 p.m.

CONSIDERATION OF HOUSE BILL 3: Senator Regan, Chairman, said the purpose of the meeting was to hear House Bill 3 and that Representative Marks, sponsor of the bill would present it to the committee.

Representative Marks, sponsor of the bill said he had introduced this bill by request of the Joint Interim Subcommittee # 2, and that Senator Boylan was also a member. He said this bill would allow a change in the minimum charge for land in forest areas for fire protection--16¢ an acre for forest land and a minimum of \$6. The smaller ones are \$6 and the larger owners are 16¢ an acre. At the present time there is not sufficient funds to come up to the ratio of 1/3 for the landowner and 2/3 other. To keep the ratio there needed to be a raise in funding in some area. Raise the 16¢ an acre or the \$5 an acre or a combination of the two. The committee decided the compliance should be maintained and the cost of protecting land is greater than the land-owners interest. (fire protection for wild life, water, stream pollution, etc) also 16¢ an acre was high enough because of the instances of fire on the land had not increased and on the smaller ones probably had increased. The statistics given by the Department of Lands, the larger ones--the owners regularly supplied some help in fighting and should be some consideration in assessment. Also in some (especially residential) areas, I think with a home it was probably going to be a lot higher. They recommended the committee be authorized to raise the minimum fee up to \$30. 188 acres would be the breaking point. The bill is drafted in such a manner that the department in consultation would be able to make adjustments. Mr. Hemmer can probably give you some information on it. It would be a gradual increase up to that amount as it was needed. The provision to act with the finance committee to let them follow it.

PROPOSERS: Dennis Hemmer, State Lands Commissioner spoke as a proponent of House Bill 3. His testimony is attached as exhibit 1.

There were no further proponents, no opponents, and Chairman Regan called for questions from the committee.

QUESTIONS FROM THE COMMITTEE:

SENATOR HIMSL: At the present time there are areas of land where we pay the fire land protection to the forest service right now at \$6 which is a fee up to 38 acres, over and above that is 16¢ a acre, but also in the local fire district which is a volunteer fire district, and there is a mill levy on it too. There is an area of this that we are getting a double whammy on because of a difference between fire life and structure. In an area where structures exist we are paying fire life on both. Can the land-owner escape one or both?

Richard Sandman, Department of Lands, said the mill levy would be much higher if they had to pay the fire life. It is de-classified as fire-life if structures are enough that it can be turned over to the fire department. The fire department is not set up to fight forest fires. Normally their assessment only covers structures.

SENATOR HIMSL: We have land where there are no structures at all. Substantial holdings, a few homes there and they petition that you get included and you go pay it on the whole thing and you can do nothing about it. Sandman: That is true.

SENATOR HIMSL: This bill seems to be quite flexible that you are making an assessment up to \$30. How are we going to do that? Hemmer: The next biennium we set it and it will be okayed before the Legislative committee. It will recommend to the Legislative Finance Committee and tell them what was our intention and try to get their approval. \$15 now and it would be the raise to bring it back to the 1/3-2/3.

REPRESENTATIVE BENGTON: That is up to 188 acres? Hemmer: That is correct. At 189 it would be \$30 plus. In this instance at \$15 it would be approximately 1/2 up.

REPRESENTATIVE BENGTON: When you say classified forest lands. In the proposed law on classified forest lands they are supposed to separate all the owners of the forest. Will this be controversial because of this change?

SENATOR HIMSL: I would not think so. Primarily this is a fire district.

SENATOR AKLESTAD: Historically the owners have provided 1/3 of the funding. With this increase it will provide as much as you want up to \$30. It could provide the total funding? \$6 is generating 1/3 now. Hemmer: The \$30 is one component the 16¢ is also a component. You would also set up and say how much is coming from the assessments. The basic reason is to keep the fund at 1/3. Basically cash up at this point.

SENATOR AKLESTAD: You anticipate not letting the 1/3-2/3 go over. You will have that type of formula?

Hemmer: If we would ever have to go above that amount we would have to come back here with another bill.

SENATOR AKLESTAD: Ratio of ownership private to public.

Hemmer: The vast majority is private. The areas we are talking about is mostly private.

SENATOR HAFLEY: So right now the present acre assessment is 16¢ for every owner who has more than 37½ or 38 acres. For every owner who has that or less it is higher with the \$6. If it would go to \$15 per acre it would be held at 16¢ for everyone in excess and for less would be \$15. If \$30 it would be greater than 16¢ for every owner with less than 167 acres and 16¢ for everybody above that. Hemmer: That is correct.

SENATOR HAFLEY: We are hearing some of the same concerns. If the 1/3-2/3 is held as a sort of goal. Even with the argument that the small land owners cost more, I cannot help but think the 1/3-2/3 held, the 16¢ should go up somewhat. The \$6 should not go up quite as fast. Maybe wait to reflect the reason why more services for the smaller. I get a feeling of unfairness. Hemmer: The \$6 and the 16¢ is logical as explained. A lot of time was held in flanking to keep the fire away from the homes. A lot of industrial equipment was used. About ½ of the retardant was on homes to keep them from burning. You spent proportionally more time and money to protect homes.

SENATOR HAFLEY: Suppose you use \$15. You talk about the industrial land owners who come in. Suppose Senator Hims1 has 80 acres and I am next to him and have 95 and we are both receiving this service. Under this bill Senator Hims1 would be paying a higher per acre cost at \$15--a flat fee and I would be paying a flat fee for more acres. I might be paying less per acre and possibly less total. Have you really hammered this out? Hemmer: On smaller acreage it breaks down in that you are in to protect the property, and there is an agreement on that.

SENATOR GAGE: I talked to people concerned about the minimum assessment up to \$30 an owner as that might affect acreage with multiple ownership. Is this per person or per owner? Representative Marks: Possibly the county got this mixed up. If they are each paying a \$6 if there are 6 owners on 100 acres. A foul up in the way it is being taken from the counties to the State Lands. If each owns 6 acres and there are 6 homes then it would be \$6 an acre. They might have one divided ownership and there is a mistake being made on a local level.

SENATOR KEATING: Conversely, an owner could have 3 separate tracts in the district and still be paying only on one.

SENATOR REGAN: I served on the interim finance committee. In 1974 when you were assessing these changes it seemed to me the owner paid 70% and the state the rest, then as inflation took over and fire fighting increased the ownership took less. Hemmer: I think the 1/3-2/3 has remained about the same. It was a vast increase. Sandman: The 70% came out of the committee. At that time we stated it was probably an erroneous figure. We went back and it checked out at the average of about 30%.

SENATOR HIMSL: A problem now seems to be there is a method to form a district but no method to un-form one. If individual owners wanted out we would have no way to disband it. Sandman: The campfire on Flathead Lake came off. An increased population in a forest district. As a forest fire problem it is still there since the subdivision regulations require no real review of those subdivisions. The houses are not close together but on 20 or 30 acres and still have the fire problem. Along Flathead Lake, any fire starting there will immediately endanger the area.

SENATOR HIMSL: The fire and in that area actually goes the other way and toward the lake.

REPRESENTATIVE MARKS closed by saying the 1/3-2/3 really started with the study in 1958. An institute doing the study said it should be between 25% and 40%. An average was picked of about 32%. In 1974 the 2/3-1/3 ratio was lower. It was about 26½%. From 1974 to '83 it went to 30%. This one would raise it to 33%. The higher instances of fires and on smaller acres, I think the expenses should go along with that.

SENATOR REGAN: I don't think we are ready to take executive action. I am going to put it into a subcommittee to consider some of the issues raised today. I would like to name Senators Haffey, Boylan, Manning, Himsl, Keating and Gage on this committee with Senator Haffey to chair the committee. All these members have expressed some concerns. They can study the situation and come back and make recommendations to us.

A motion was made to adjourn and the meeting adjourned at 4:45 p.m.



Senator Regan, Chairman

ROLL CALL

SENATE FINANCE AND CLAIMS

COMMITTEE

49th LEGISLATIVE SESSION - - 185

Date

1-18-85

| NAME | PRESENT | ABSENT | EXCUSED |
|------------------------|---------|--------|---------|
| SENATOR REGAN | ✓ | | |
| SENATOR HAFLEY | ✓ | | |
| SENATOR JACOBSON | ✓ | | |
| SENATOR AKLESTAD | ✓ | | |
| SENATOR HAMMOND | ✓ | | |
| SENATOR LANE | ✓ | | |
| SENATOR CHRISTIAENS | ✓ | | |
| SENATOR GAGE | ✓ | | |
| SENATOR HIMSL | ✓ | | |
| SENATOR STIMATZ | ✓ | | |
| SENATOR BOYLAN | ✓ | | |
| SENATOR STORY | | | |
| SENATOR SMITH | ✓ | | |
| SENATOR MANNING (Dick) | ✓ | | |
| SENATOR BENGTON | ✓ | | |
| SENATOR KEATING | ✓ | | |

DATE 1-18-85

COMMITTEE ON Finance & Economics

VISITORS' REGISTER

[illegible]

(Please leave prepared statement with Secretariat)

1-18-85
TESTIMONY - HOUSE BILL #3

DENNIS HEMMER - STATE LANDS COMMISSIONER

The Department of State Lands supports House Bill #3 which came as a recommendation of the Joint Interim Subcommittee No. 2. As way of background, the Forest Service protects two million more acres of state and private land than the state protects of Forest Service land. Historically the Forest Service has agreed to protect this acreage for the assessment, which up to this time has been 16¢ per acre. However, approximately two years ago the Forest Service notified the Department that it would either have to reduce the imbalance or pay full protection cost for those two million acres. This full protection cost would be somewhere between 44¢ and 66¢ per acre. The Department during the last session and in presentations to the Interim Subcommittee recommended that the state engage in a phased reduction. As long as the state stays in its phased reduction, the Forest Service will continue to charge the assessment cost of 16¢ per acre on the remaining acreage. However, if the state does not assume the increased protection, then the Forest Service will charge the full suppression cost. Through either option, it will cost the state more money.

The Department has recommended the \$30 maximum, as contained in House Bill #3. The forest fire assessment collection has historically provided one third of the fire protection budget. This one-third private share to two-thirds public share appears to conform with the benefits received by each party. The share of the fire assessment funds provided by small ownerships, however, does not appear to be equitable in light of the values being protected and the increased fire incidence on small ownerships. For these reasons, the Department has recommended the increase in the minimum fee to \$30. It would not be the Department's intention to immediately increase the assessments to the full \$30. Rather, depending on the outcome of the block assumption, each biennium the Department would increase the assessment sufficiently to cover the increased costs.

The Department of State Lands supports the adoption of House Bill #3 in order to provide sufficient funding and maintain an adequate level of protection.